

1 Andrew H. Wilson
2 WILSON, RYAN & CAMPILONGO
3 235 Montgomery Street
4 Suite 450
5 San Francisco, California 94104
6 (415) 391-3900

7 Laurie J. Bartilson
8 BOWLES & MOXON
9 6255 Sunset Boulevard
10 Suite 2000
11 Hollywood, California 90028
12 (213) 661-4030

13 Attorneys for Plaintiff
14 CHURCH OF SCIENTOLOGY INTERNATIONAL

RECEIVED

MAR 06 1993

HUB LAW OFFICES

15 SUPERIOR COURT OF THE STATE OF CALIFORNIA

16 FOR THE COUNTY OF LOS ANGELES

17 CHURCH OF SCIENTOLOGY)
18 INTERNATIONAL, A California)
19 not-for-profit religious corporation;)

20 Plaintiff,)

21 GERALD ARMSTRONG; DOES)
22 1 through 25, inclusive,)

23 Defendant.)

CASE NO. BC 052395

) SEPARATE STATEMENT OF
) UNDISPUTED FACTS WITH
) REFERENCE TO SUPPORTING
) EVIDENCE IN SUPPORT OF
) MOTION OF CROSS-
) DEFENDANT CHURCH OF
) SCIENTOLOGY INTERNATIONAL
) FOR SUMMARY ADJUDICATION OF
) THE SECOND AND THIRD CAUSES
) OF ACTION OF THE AMENDED
) CROSS-COMPLAINT

) DATE: March 31, 1993

) TIME: 8:30 a.m.

) DEPT: 30

24 AND RELATED CROSS-ACTION)

) TRIAL DATE: May 3, 1993

) DISC CUT-OFF: Apr. 2, 1993

) MTN CUT-OFF: Apr. 19, 1993

25 Pursuant to Code of Civil Procedure Section 437(c)(f), Cross-Defendants
26 Church of Scientology International, Church of Scientology of California, Religious
27 Technology Center, Church of Spiritual Technology, Author Services, Incorporated,
28 Author's Family Trust, Estate of L. Ron Hubbard, David Miscavige, and Norman

1 Starkey ("Cross-Defendants") submit this Separate Statement of Undisputed Facts
2 with Reference to Supporting Evidence in connection with their Motion for
3 Summary Adjudication of Issues. The issues to be adjudicated affect the Third
4 Cause of Action of the Verified Amended Cross-Complaint for Declaratory Relief,
5 Abuse of Process, and Breach of Contract ("Cross-Complaint"), and the supporting
6 evidence for such issues is noted below.

7 **ADJUDICATION NO. 1:** The Third Cause of Action of the Cross-Complaint
8 for Breach of Contract cannot be maintained because the conduct allegedly
9 constituting the breach is not prohibited by the Settlement Agreement.

10 **CLAIM AT ISSUE:** This adjudication, if granted, would dispose of the Third
11 Cause of Action of the Cross-Complaint for Breach of the Settlement Agreement.

12 Undisputed Material Fact

Supporting Evidence 1.

13 1. The Mutual Release of All
14 Claims and Settlement Agreement
15 (the "Settlement Agreement") is
16 between Church of Scientology
17 International ("CSI") and Gerald
18 Armstrong ("Armstrong").

Exhibit A, Mutual Release of all Claims
and Settlement Agreement, ¶ 1.

19
20 2. The Settlement Agreement was
21 executed by Armstrong and his
22 attorney, Michael J. Flynn, on
23 December 6, 1986, and by CSI on
24 December 11, 1986.

2. Id. at p. 16.

25
26 3. The Settlement Agreement
27 states that it "contains the entire
28 agreement between the parties

3. Id. at ¶ 9.

1 hereto, and the terms of this
2 Agreement are contractual and are not
3 a mere recital."
4

5 4. The Settlement Agreement
6 states that it may be amended only by
7 a written instrument executed by
8 Armstrong and CSI.

4. Id. at ¶ 9.

9
10 5. The Settlement Agreement
11 states that Armstrong and CSI
12 carefully read and understood the
13 contents of the Settlement Agreement
14 and signed it of their own free will,
15 and it is the intention of the parties to
16 be legally bound hereby.

5. Id. at ¶ 9.

17
18 6. Under the Settlement
19 Agreement, Armstrong acknowledged
20 that he entered into the Agreement
21 freely, voluntarily, knowingly and
22 willingly, without any threats,
23 intimidation or pressure of any kind
24 whatsoever and voluntarily executed
25 the Agreement of his own free will.

6. Id. at ¶ 11.A.

26
27 7. Under the Settlement
28 Agreement, Armstrong acknowledged

7. Id. at ¶ 11.B.

1 that he had conducted sufficient
2 deliberation and investigation, either
3 personally or through other sources of
4 his own choosing, and had obtained
5 advice of counsel regarding the terms
6 and conditions set forth therein, so
7 that he may intelligently exercise his
8 own judgment in deciding whether or
9 not to execute the Settlement
10 Agreement.

11
12 8. Under the Settlement
13 Agreement, Armstrong acknowledged
14 that he had carefully read the
15 Settlement Agreement and
16 understood the contents of it.

8. Id. at ¶ 11.C.

17
18 9. Under the Settlement
19 Agreement, Armstrong warranted that
20 he had received independent legal
21 advice from his attorneys with respect
22 to the advisability of making the
23 settlement provided in the Settlement
24 Agreement and in executing it.

9. Id. at ¶ 18.(A).

25
26 10. Armstrong knew the provisions
27 of the Settlement Agreement did not
28 prevent the Church from disclosing

10.. Exhibit B, Deposition of Gerald
Armstrong, June 24, 1992, at
160:29-162:3.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

confidential information.

11. The Third Cause of Action of the Cross-Complaint for Breach of Contract alleges that the Church, and/or its agents, and/or other Scientology-related entities, have engaged in ongoing breaches of the Settlement Agreement by making reference to Armstrong, (a) in communications to the press, (b) in filing pleadings and declarations in various litigations.

12. The Settlement Agreement contains no provisions which prohibit Cross-Defendants from making reference to Armstrong in communicating to the press or in pleadings and declarations in various litigation.

13. Armstrong received a portion of a total sum paid to his attorney, Michael Flynn, in settlement of all claims of Mr. Flynn's clients.

11. Cross-Complaint at ¶ 71.

12. The Settlement Agreement, Exhibit A.

13. Verified Amended Complaint (hereinafter "Complaint"), ¶ 13; Answer, ¶ 13; Mutual Release of All Claims and Settlement Agreement, ¶ 3, Exhibit B.

1 14. On December 11, 1986, a
2 dismissal with prejudice was filed in
3 the case of Church of Scientology of
4 California v. Armstrong, Los Angeles
5 Superior Court Case No. 420 153
6 ("Armstrong I").
7

14. Notice of Dismissal, Exhibit C.

8 15. At the time he entered into the
9 Settlement Agreement, Armstrong
10 knew that the Settlement Agreement
11 prevented him from disclosing
12 information concerning the Church,
13 but that the Church was not similarly
14 required to refrain from discussing
15 him.
16

15. Exhibit B, Deposition of Gerald
Armstrong, June 24, 1992, at 160 -
161; Exhibit D, Armstrong's
Memorandum of Points and
Authorities in Opposition to Motion
for Preliminary Injunction, pp. 50 - 52.

17 16. The Settlement Agreement
18 provides in Paragraph 18(B) that the
19 parties, ". . . acknowledge that they
20 have not made any statement,
21 representation or promise to the other
22 party regarding any fact material to
23 this Agreement except as expressly
24 set forth herein."
25

16. Exhibit A, Settlement Agreement,
¶ 18(B).

26 **ISSUE NO. 2:** The Second Cause of Action of the Amended Cross-
27 Complaint for Abuse of Process must be dismissed because the alleged acts are
28 either outside the one-year statute of limitations or there is no misuse of process.

CLAIM AT ISSUE: This adjudication, if granted, would dispose of the Second Cause of Action of the Amended Cross-Complaint for Abuse of Process.

Undisputed Material Fact

Supporting Evidence

17. The conduct alleged in paragraphs 13, 14, 15 through 24, 26, 27, 29, 30, 33 through 38, 40, 43 through 48 and 57 of the Amended Cross-Complaint ("Cross-Complaint") is alleged to have occurred prior to July 22, 1991.

17. Amended Cross-Complaint, ¶¶ 13, 14, 15 through 24, 26 and 27, 29 and 30, 33 through 38, 40, 43 through 48 and 57.

18. The conduct alleged in paragraphs 49, 51, and 55 of the Cross-Complaint does not include conduct which invoked the process of any court.

18. Amended Cross-Complaint, ¶¶ 49, 51, 55.

19. Armstrong began working for attorney Joseph Yanny as a paralegal on the case of Aznaran v. Church of Scientology of California, et al., United States District Court for the Central District of California, No. CV 88-1786 JMI (Ex) (the "Aznaran case") on or about July 15, 1991.

19. Ex. E, Declaration of Laurie J. Bartilson, ¶ 6; Ex. F, Declaration of Gerald Armstrong, July 19, 1991

20. The only declarations filed in the Aznaran case which mention

20. Exhibit E, Bartilson Declaration, ¶ 9, and Exhibits 1 - 5

- 1 Armstrong are:
2 a. Declaration of Laurie J.
3 Bartilson dated August 23, 1991.
4 b. Declaration of Laurie J.
5 Bartilson dated August 26, 1991.
6 c. Declaration of Lynn R. Farny
7 dated August 26, 1991.
8 d. Declaration of Laurie J.
9 Bartilson dated September 3, 1991.
10 e. Declaration of August
11 Murphy dated September 4, 1991.

thereto.

12
13 21. Armstrong filed declarations in
14 the Aznaran case on August 26, 1991
15 and September 3, 1991, which
16 discussed his alleged experiences in
17 the Church.

21. Exhibit E, Declaration of Laurie J.
Bartilson, ¶8.

18
19 22. The Settlement Agreement
20 provides that the Los Angeles
21 Superior Court has continuing
22 jurisdiction to enforce the Settlement
23 Agreement in the event of a breach.

22. Exhibit A, Settlement Agreement,
¶ 20.

24
25 23. In September, 1993, the
26 Church learned of Armstrong's filing
27 of declarations in the Aznaran case.
28 Church counsel determined that these

23. Exhibit E, Declaration of Laurie J.
Bartilson, ¶¶ 2 - 8, 11.

1 actions and others were violations of
2 the Settlement Agreement.

3
4 24. In December, 1991, the Church
5 brought a motion to enforce the
6 Settlement Agreement which alleged
7 that Armstrong had breached the
8 Agreement, and which sought
9 damages and a permanent injunction
10 against Armstrong. The sole purpose
11 of this motion was to enforce the
12 Settlement Agreement against
13 Armstrong.

24. Id., ¶12.

14
15
16 25. In December, 1991, the Court
17 denied the Church's motion to enforce
18 the Settlement Agreement on the
19 ground that the Settlement
20 Agreement itself was insufficient to
21 confer continuing jurisdiction upon the
22 Court.

25. Id., ¶13; Exhibit G, Transcript of
Proceedings, pp. 63 - 65.

23
24 26. In February, 1992, the Church
25 filed the Complaint herein, seeking
26 damages and a preliminary and
27 permanent injunction for Armstrong's
28 breaches of the Settlement

26. Verified Complaint.

1 Agreement.

2

3 27. Judge Dufficy ordered this action
4 moved from Marin County to Los
5 Angeles County, but only after issuing
6 a temporary restraining order
7 prohibiting Armstrong from further
8 breaching the Settlement Agreement.

27. Exhibit E, Bartilson Dec., ¶15;
Exhibit H, Order of March 5, 1992;
Exhibit I, Order of March 24, 1992.

9

10 28. Before the file in this case was
11 moved to Los Angeles, but after the
12 TRO was issued, Armstrong
13 discussed his experiences with the
14 Church for hours with attorneys for
15 litigants against protected entities,
16 and gave interviews to the press in
17 which he also disclosed his
18 experiences with the Church.

28. Exhibit E, Bartilson Dec., ¶16-17.

19

20 29. The TRO issued by Judge Dufficy
21 provided that Armstrong and his
22 agents were enjoined from violating
23 the Settlement Agreement, including
24 the following provisions,

29. Exhibit H; Exhibit E,
Bartilson Dec., ¶¶ 16-18.

25 "2. Armstrong is restrained
26 from violating Paragraph 7(D) which
27 prohibits Armstrong from creating or
28 publishing books or magazine articles,

1 disclosing his experiences with
2 Scientology, and any knowledge or
3 information he may have concerning
4 the Church of Scientology, L. Ron
5 Hubbard, or any of the organizations
6 listed in paragraph 1 of the
7 Agreement ("Scientology
8 organizations") affiliated therewith,
9 disclosing documents identified in
10 Exhibit A to the Settlement
11 Agreement, including films, tapes,
12 photographs, recordings or variations
13 or copies of any such materials which
14 concern or relate to the religion of
15 Scientology, L. Ron Hubbard or any of
16 the Scientology organizations;

17 "3. Defendant is restrained
18 from violating the provisions of
19 Paragraph 7(G) which prohibits
20 Defendant from voluntarily assisting
21 or cooperating with any person
22 adverse to Scientology in any
23 proceeding against any of the
24 Scientology organizations, or from
25 cooperating in any manner with any
26 organizations aligned against
27 Scientology;

28 "4. Defendant is restrained

1 from violating the provisions of
2 Paragraph 7(H) which prohibits
3 Defendant from testifying or
4 participating in judicial or
5 administrative proceedings adverse to
6 Scientology or any of the Scientology
7 organizations unless compelled to do
8 so by subpoena or lawful process;

9 "5. Defendant is restrained
10 from violating the provisions of
11 Paragraph 10, which prohibits
12 Defendant from assisting or advising
13 anyone, including individuals,
14 partnerships, associations,
15 corporations, or governmental entities
16 contemplating any claim or engaged in
17 litigation or involved in or
18 contemplating any activity adverse to
19 the interests of any of the Scientology
20 organizations. . . ."

21 As a result, the Church
22 applied for an order to
23 show cause re contempt,
24 the sole purpose of which
25 was to enforce the Settlement
26 Agreement and the TRO.

27
28 30. The Marin Court did not rule on

30. Exhibit J, Order of March 17,

1 the merits of the Church's application
2 for an order to show cause re
3 contempt, but simply instructed the
4 Church to re-file it in Los Angeles.

1992.

5
6
7 31. On May 28, 1992, the Honorable
8 Ronald Sohigian issued a preliminary
9 injunction enforcing the Settlement
10 Agreement, finding, inter alia, that the
11 Church had demonstrated a
12 substantial probability of success on
13 the merits, had been irreparably
14 harmed by Armstrong's breaches, and
15 that the earlier denial of the motion to
16 enforce the settlement agreement on
17 jurisdictional grounds did not preclude
18 the bringing of the action.

31. Exhibit K, Order of May 28,
1992.

19
20 32. The case identified by Armstrong
21 in the Amended Cross-Complaint, ¶
22 50, is the case of Church of
23 Scientology International v. Xanthos,
24 et al., United States District Court for
25 the Central District of California, Case
26 No. 91 4301 SUW (Tx) ("Xanthos").

32. Exhibit L, Complaint in Church of
Scientology International v. Xanthos,
et al.

27
28 33. Xanthos is a complaint against

33. Exhibit L, passim.

1 numerous IRS agents for
2 constitutional violations. The
3 allegation that Armstrong aided the
4 agents in their illegal and fruitless
5 criminal investigations is plainly a part
6 of the constitutional violations
7 alleged.

8
9 34. In August, 1991, Armstrong
10 began working for

34. Exhibit E, Bartilson Dec., ¶¶ 9,
11.

11 ///

12 ///

13

14 Ford Greene as a paralegal on the
15 Aznaran case.

16

17 Dated: March 3, 1993

WILSON, RYAN & CAMPILONGO

18

19

By: 
Andrew H. Wilson

20

21

Laurie J. Bartilson
BOWLES & MOXON

22

23

Attorneys for Plaintiff and
Cross-Defendant CHURCH OF
SCIENTOLOGY INTERNATIONAL

24

25

26

27

28

Exhibit A

MUTUAL RELEASE OF ALL CLAIMS AND SETTLEMENT AGREEMENT

1. This Mutual Release of All Claims and Settlement Agreement is made between Church of Scientology International (hereinafter "CSI") and Gerald Armstrong, (hereinafter "Plaintiff") Cross-Complainant in Gerald Armstrong v. Church of Scientology of California, Los Angeles Superior Court, Case No. 420 153. By this Agreement, Plaintiff hereby specifically waives and releases all claims he has or may have from the beginning of time to and including this date, including all causes of action of every kind and nature, known or unknown for acts and/or omissions against the officers, agents, representatives, employees, volunteers, directors, successors, assigns and legal counsel of CSI as well as the Church of Scientology of California, its officers, agents, representatives, employees, volunteers, directors, successors, assigns and legal counsel; Religious Technology Center, its officers, agents, representatives, employees, volunteers, directors, successors, assigns and legal counsel; all Scientology and Scientology affiliated organizations and entities and their officers, agents, representatives, employees, volunteers, directors, successors, assigns and legal counsel; Author Services, Inc., its officers, agents, representatives, employees, volunteers, directors, successors, assigns and legal counsel; L. Ron Hubbard, his heirs, beneficiaries, Estate and its executor; Author's Family Trust, its beneficiaries and its trustee; and Mary Sue Hubbard, (all hereinafter collectively referred to as the

PL 1

A.



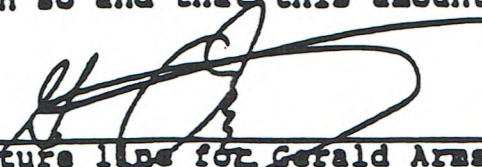
"Releasees"). The parties to this Agreement hereby agree as follows:

2. It is understood that this settlement is a compromise of doubtful and disputed claims, and that any payment is not to be construed, and is not intended, as an admission of liability on the part of any party to this Agreement, specifically, the Releasees, by whom liability has been and continues to be expressly denied. In executing this settlement Agreement, Plaintiff acknowledges that he has released the organizations, individuals and entities listed in the above paragraph, in addition to those defendants actually named in the above lawsuit, because among other reasons, they are third party beneficiaries of this Agreement.

3. Plaintiff has received payment of a certain monetary sum which is a portion of a total sum of money paid to his attorney, Michael J. Flynn. The total sum paid to Mr. Flynn is to settle all of the claims of Mr. Flynn's clients. Plaintiff's portion of said sum has been mutually agreed upon by Plaintiff and Michael J. Flynn. Plaintiff's signature below this paragraph acknowledges that Plaintiff is completely satisfied with the monetary consideration negotiated with and received by Michael J. Flynn. Plaintiff acknowledges that there has been a block settlement between Plaintiff's attorney, Michael J. Flynn, and the Church of Scientology and Churches and entities related to the Church of Scientology, concerning all of Mr. Flynn's clients who were in litigation with any Church of Scientology or related entity. Plaintiff has received a portion of this block

A handwritten signature in dark ink, appearing to be 'JA', is written over a horizontal line.

amount, the receipt of which he hereby acknowledges. Plaintiff understands that this amount is only a portion of the block settlement amount. The exact settlement sum received by Plaintiff is known only to Plaintiff and his attorney, Michael J. Flynn, and it is their wish that this remain so and that this amount remain confidential.



Signature line for Gerald Armstrong

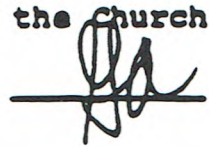
4. For and in consideration of the above described consideration, the mutual covenants, conditions and release contained herein, Plaintiff does hereby release, acquit and forever discharge, for himself, his heirs, successors, executors, administrators and assigns, the Releasees, including Church of Scientology of California, Church of Scientology International, Religious Technology Center, all Scientology and Scientology affiliated organizations and entities, Author Services, Inc. (and for each organization or entity, its officers, agents, representatives, employees, volunteers, directors, successors, assigns and legal counsel); L. Ron Hubbard, his heirs, beneficiaries, Estate and its executor; Author's Family Trust, its beneficiaries and trustee; and Mary Sue Hubbard, and each of them, of and from any and all claims, including, but not limited to, any claims or causes of action entitled Gerald Armstrong v. Church of Scientology of California, Los Angeles Superior Court, Case No. 420 153 and all demands, damages, actions and causes of actions of every kind and nature, known or unknown,



for or because of any act or omission allegedly done by the Releasees, from the beginning of time to and including the date hereof. Therefore, Plaintiff does hereby authorize and direct his counsel to dismiss with prejudice his claims now pending in the above referenced action. The parties hereto will execute and cause to be filed a joint stipulation of dismissal in the form of the one attached hereto as Exhibit "A".

A. It is expressly understood by Plaintiff that this release and all of the terms thereof do not apply to the action brought by the Church of Scientology against Plaintiff for Conversion, Fraud and other causes of action, which action has already gone to trial and is presently pending before the Second District, Third Division of the California Appellate Court (Appeal No. B005912). The disposition of those claims are controlled by the provisions of the following paragraph hereinafter.

B. As of the date this settlement Agreement is executed, there is currently an appeal pending before the California Court of Appeal, Second Appellate District, Division 3, arising out of the above referenced action delineated as Appeal No. B005912. It is understood that this appeal arises out of the Church of Scientology's complaint against Plaintiff which is not settled herein. This appeal shall be maintained notwithstanding this Agreement. Plaintiff agrees to waive any rights he may have to take any further appeals from any decision eventually reached by the Court of Appeal or any rights he may have to oppose (by responding brief or any other means) any further appeals taken by the Church of



Scientology of California. The Church of Scientology of California shall have the right to file any further appeals it deems necessary.

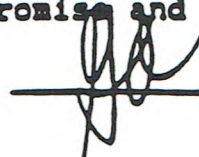
5. For and in consideration of the mutual covenants, conditions and release contained herein, and Plaintiff dismissing with prejudice the action Gerald Armstrong v. Church of Scientology of California, Los Angeles Superior Court, Case No. 420 153, the Church of Scientology of California does hereby release, acquit and forever discharge for itself, successors and assigns, Gerald Armstrong, his agents, representatives, heirs, successors, assigns, legal counsel and estate and each of them, of and from any and all claims, causes of action, demands, damages and actions of every kind and nature, known or unknown, for or because of any act or omission allegedly done by Gerald Armstrong from the beginning of time to and including the date hereof.

6. In executing this Agreement, the parties hereto, and each of them, agree to and do hereby waive and relinquish all rights and benefits afforded under the provisions of Section 1542 of the Civil Code of the State of California, which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

7. Further, the undersigned hereby agree to the following:

A. The liability for all claims is expressly denied by the parties herein released, and this final compromise and



settlement thereof shall never be treated as an admission of liability or responsibility at any time for any purpose.

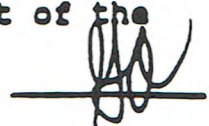
B. Plaintiff has been fully advised and understands that the alleged injuries sustained by him are of such character that the full extent and type of injuries may not be known at the date hereof, and it is further understood that said alleged injuries, whether known or unknown at the date hereof, might possibly become progressively worse and that as a result, further damages may be sustained by Plaintiff; nevertheless, Plaintiff desires by this document to forever and fully release the Releasees. Plaintiff understands that by the execution of this release no further claims arising out of his experience with, or actions by, the Releasees, from the beginning of time to and including the date hereof, which may now exist or which may exist in the future may ever be asserted by him or on his behalf, against the Releasees.

C. Plaintiff agrees to assume responsibility for the payment of any attorney fee, lien or liens, imposed against him past, present, or future, known or unknown, by any person, firm, corporation or governmental entity or agency as a result of, or growing out of any of the matters referred to in this release. Plaintiff further agrees to hold harmless the parties herein released, and each of them, of and from any liability arising therefrom.

D. Plaintiff agrees never to create or publish or attempt to publish, and/or assist another to create for publication by means of magazine, article, book or other

A handwritten signature in black ink, consisting of a stylized, cursive name, is written over a horizontal line.

similar form, any writing or to broadcast or to assist another to create, write, film or video tape or audio tape any show, program or movie, or to grant interviews or discuss with others, concerning their experiences with the Church of Scientology, or concerning their personal or indirectly acquired knowledge or information concerning the Church of Scientology, L. Ron Hubbard or any of the organizations, individuals and entities listed in Paragraph 1 above. Plaintiff further agrees that he will maintain strict confidentiality and silence with respect to his experiences with the Church of Scientology and any knowledge or information he may have concerning the Church of Scientology, L. Ron Hubbard, or any of the organizations, individuals and entities listed in Paragraph 1 above. Plaintiff expressly understands that the non-disclosure provisions of this subparagraph shall apply, inter alia, but not be limited, to the contents or substance of his complaint on file in the action referred to in Paragraph 1 hereinabove or any documents as defined in Appendix "A" to this Agreement, including but not limited to any tapes, films, photographs, recastings, variations or copies of any such materials which concern or relate to the religion of Scientology, L. Ron Hubbard, or any of the organizations, individuals, or entities listed in Paragraph 1 above. The attorneys for Plaintiff, subject to the ethical limitations restraining them as promulgated by the state or federal regulatory associations or agencies, agree not to disclose any of the terms and conditions of the settlement negotiations, amount of the



settlement, or statements made by either party during settlement conferences. Plaintiff agrees that if the terms of this paragraph are breached by him, that CSI and the other Releasees would be entitled to liquidated damages in the amount of \$50,000 for each such breach. All monies received to induce or in payment for a breach of this Agreement, or any part thereof, shall be held in a constructive trust pending the outcome of any litigation over said breach. The amount of liquidated damages herein is an estimate of the damages that each party would suffer in the event this Agreement is breached. The reasonableness of the amount of such damages are hereto acknowledged by Plaintiff.

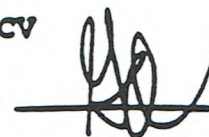
E. With exception to the items specified in Paragraph 7(L), Plaintiff agrees to return to the Church of Scientology International at the time of the consummation of this Agreement, all materials in his possession, custody or control (or within the possession, custody or control of his attorney, as well as third parties who are in possession of the described documents), of any nature, including originals and all copies or summaries of documents defined in Appendix "A" to this Agreement, including but not limited to any tapes, computer disks, films, photographs, recastings, variations or copies of any such materials which concern or relate to the religion of Scientology, L. Ron Hubbard or any of the organizations, individuals or entities listed in Paragraph 1 above, all evidence of any nature, including evidence obtained from the named defendants through discovery, acquired for the purposes of this lawsuit or any lawsuit, or acquired for any other purpose

concerning any Church of Scientology, any financial or administrative materials concerning any Church of Scientology, and any materials relating personally to L. Ron Hubbard, his family, or his estate. In addition to the documents and other items to be returned to the Church of Scientology International listed above and in Appendix "A", Plaintiff agrees to return the following:

(a) All originals and copies of the manuscript for the work "Excalibur" written by L. Ron Hubbard;

(b) All originals and copies of documents commonly known as the "Affirmations" written by L. Ron Hubbard; and

(c) All documents and other items surrendered to the Court by Plaintiff and his attorneys pursuant to Judge Cole's orders of August 24, 1982 and September 4, 1982 and all documents and other items taken by the Plaintiff from either the Church of Scientology or Omar Garrison. This includes all documents and items entered into evidence or marked for identification in Church of Scientology of California v. Gerald Armstrong, Case No. C 420 153. Plaintiff and his attorney will execute a Joint Stipulation or such other documents as are necessary to obtain these documents from the Court. In the event any documents or other items are no longer in the custody or control of the Los Angeles Superior Court, Plaintiff and his counsel will assist the Church in recovering these documents as quickly as possible, including but not limited to those tapes and other documents now in the possession of the United States District Court in the case of United States v. Zolin, Case No. CV



85-0440-HLH(Tx), presently on appeal in the Ninth Circuit Court of Appeals. In the event any of these documents are currently lodged with the Court of Appeal, Plaintiff and his attorneys will cooperate in recovering these documents as soon as the Court of Appeal issues a decision on the pending appeal.

To the extent that Plaintiff does not possess or control documents within categories A-C above, Plaintiff recognizes his continuing duty to return to CSI any and all documents that fall within categories A-C above which do in the future come into his possession or control.

F. Plaintiff agrees that he will never again seek or obtain spiritual counselling or training or any other service from any Church of Scientology, Scientologist, Dianetics or Scientology auditor, Scientology minister, Mission of Scientology, Scientology organization or Scientology affiliated organization.

G. Plaintiff agrees that he will not voluntarily assist or cooperate with any person adverse to Scientology in any proceeding against any of the Scientology organizations, individuals, or entities listed in Paragraph 1 above. Plaintiff also agrees that he will not cooperate in any manner with any organizations aligned against Scientology.

H. Plaintiff agrees not to testify or otherwise participate in any other judicial, administrative or legislative proceeding adverse to Scientology or any of the Scientology Churches, individuals or entities listed in Paragraph 1 above unless compelled to do so by lawful subpoena or other lawful process. Plaintiff shall not make

himself amenable to service of any such subpoena in a manner which invalidates the intent of this provision. Unless required to do so by such subpoena, Plaintiff agrees not to discuss this litigation or his experiences with and knowledge of the Church with anyone other than members of his immediate family. As provided hereinafter in Paragraph 18(d), the contents of this Agreement may not be disclosed.

I. The parties hereto agree that in the event of any future litigation between Plaintiff and any of the organizations, individuals or entities listed in Paragraph 1 above, that any past action or activity, either alleged in this lawsuit or activity similar in fact to the evidence that was developed during the course of this lawsuit, will not be used by either party against the other in any future litigation. In other words, the "slate" is wiped clean concerning past actions by any party.

J. It is expressly understood and agreed by Plaintiff that any dispute between Plaintiff and his counsel as to the proper division of the sum paid to Plaintiff by his attorney of record is between Plaintiff and his attorney of record and shall in no way affect the validity of this Mutual Release of All Claims and Settlement Agreement.

K. Plaintiff hereby acknowledges and affirms that he is not under the influence of any drug, narcotic, alcohol or other mind-influencing substance, condition or ailment such that his ability to fully understand the meaning of this Agreement and the significance thereof is adversely affected.



L. Notwithstanding the provisions of Paragraph 7(E) above, Plaintiff shall be entitled to retain any artwork created by him which concerns or relates to the religion of Scientology, L. Ron Hubbard or any of the organizations, individuals or entities listed in Paragraph 1 above provided that such artwork never be disclosed either directly or indirectly, to anyone. In the event of a disclosure in breach of this Paragraph 7(L), Plaintiff shall be subject to the liquidated damages and constructive trust provisions of Paragraph 7(D) for each such breach.

8. Plaintiff further agrees that he waives and relinquishes any right or claim arising out of the conduct of any defendant in this case to date, including any of the organizations, individuals or entities as set forth in Paragraph 1 above, and the named defendants waive and relinquish any right or claim arising out of the conduct of Plaintiff to date.

9. This Mutual Release of All Claims and Settlement Agreement contains the entire agreement between the parties hereto, and the terms of this Agreement are contractual and not a mere recital. This Agreement may be amended only by a written instrument executed by Plaintiff and CSI. The parties hereto have carefully read and understand the contents of this Mutual Release of All Claims and Settlement Agreement and sign the same of their own free will, and it is the intention of the parties to be legally bound hereby. No other prior or contemporaneous agreements, oral or written, respecting such matters, which are not specifically

incorporated here shall be deemed to in any way exist or bind any of the parties hereto.

10. Plaintiff agrees that he will not assist or advise anyone, including individuals, partnerships, associations, corporations, or governmental agencies contemplating any claim or engaged in litigation or involved in or contemplating any activity adverse to the interests of any entity or class of persons listed above in Paragraph 1 of this Agreement.

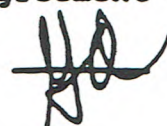
11. The parties to this Agreement acknowledge the following:

A. That all parties enter into this Agreement freely, voluntarily, knowingly and willingly, without any threats, intimidation or pressure of any kind whatsoever and voluntarily execute this Agreement of their own free will;

B. That all parties have conducted sufficient deliberation and investigation, either personally or through other sources of their own choosing, and have obtained advice of counsel regarding the terms and conditions set forth herein, so that they may intelligently exercise their own judgment in deciding whether or not to execute this Agreement; and

C. That all parties have carefully read this Agreement and understand the contents thereof and that each reference in this Agreement to any party includes successors, assigns, principals, agents and employees thereof.

12. Each party shall bear its respective costs with respect to the negotiation and drafting of this Agreement and



all acts required by the terms hereof to be undertaken and performed by that party.

13. To the extent that this Agreement inures to the benefit of persons or entities not signatories hereto, this Agreement is hereby declared to be made for their respective benefits and uses.

14. The parties shall execute and deliver all documents and perform all further acts that may be reasonably necessary to effectuate the provisions of this Agreement.

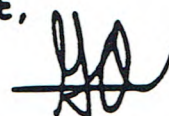
15. This Agreement shall not be construed against the party preparing it, but shall be construed as if both parties prepared this Agreement. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

16. In the event any provision hereof be unenforceable, such provision shall not affect the enforceability of any other provision hereof.

17. All references to the plural shall include the singular and all references to the singular shall include the plural. All references to gender shall include both the masculine and feminine.

18. (A) Each party warrants that they have received independent legal advice from their attorneys with respect to the advisability of making the settlement provided for herein and in executing this Agreement.

(B) The parties hereto (including any officer, agent, employee, representative or attorney of or for any party) acknowledge that they have not made any statement,



representation or promise to the other party regarding any fact material to this Agreement except as expressly set forth herein. Furthermore, except as expressly stated in this Agreement, the parties in executing this Agreement do not rely upon any statement, representation or promise by the other party (or of any officer, agent, employee, representative or attorney for the other party).

(C) The persons signing this Agreement have the full right and authority to enter into this Agreement on behalf of the parties for whom they are signing.

(D) The parties hereto and their respective attorneys each agree not to disclose the contents of this executed Agreement. Nothing herein shall be construed to prevent any party hereto or his respective attorney from stating that this civil action has been settled in its entirety.

(E) The parties further agree to forbear and refrain from doing any act or exercising any right, whether existing now or in the future, which act or exercise is inconsistent with this Agreement.

19. Plaintiff has been fully advised by his counsel as to the contents of this document and each provision hereof. Plaintiff hereby authorizes and directs his counsel to dismiss with prejudice his claims now pending in the action entitled Gerald Armstrong v. Church of Scientology of California, Los Angeles Superior Court, Case No. 420 153.

20. Notwithstanding the dismissal of the lawsuit pursuant to Paragraph 4 of this Agreement, the parties hereto agree that the Los Angeles Superior Court shall retain

jurisdiction to enforce the terms of this Agreement. This Agreement may be enforced by any legal or equitable remedy, including but not limited to injunctive relief or declaratory judgment where appropriate. In the event any party to this Agreement institutes any action to preserve, to protect or to enforce any right or benefit created hereunder, the prevailing party in any such action shall be entitled to the costs of suit and reasonable attorney's fees.

21. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be a duplicate original, but all of which, together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, on the date opposite their names.

Dated: December 6, 1986


GERALD ARMSTRONG

Ann A. Richardson
Witness

Michael J. Flynn
Witness

Dated: 12/6/86

APPROVED AS TO FORM AND CONTENT:

M. J. Flynn
MICHAEL J. FLYNN
Attorney for
GERALD ARMSTRONG

Dated: December 11, 1986

Helen C. Gilchrist
for
CHURCH OF SCIENTOLOGY
INTERNATIONAL

Exhibit B

IN AND FOR THE SUPERIOR COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

--oOo--

CHURCH OF SCIENTOLOGY
INTERNATIONAL, a California
not-for-profit religious
corporation,

Plaintiff,

**CERTIFIED
COPY**

vs.

Case No. BC 052395

GERALD ARMSTRONG; DOES 1
through 25, inclusive,

Defendants.

DEPOSITION OF

GERALD ARMSTRONG

Wednesday, June 24, 1992

REPORTED BY: SUSAN M. SKIGEN, CSR #5829

1 sold you out; right?

2 A. I don't think I ever have used those words
3 and I won't now because Michael Flynn was under the same
4 pressure that I was under. He really had been attacked,
5 you know, and I don't fault Michael Flynn, although it
6 sure hurt.

7 I really fault the organization for using
8 Michael Flynn as a vehicle to get to me. I mean, that's
9 just corrupt, for them to play with him at all to get to
10 me, his client, it's corruption.

11 And what were they doing with him, he was
12 going to settle his case and they were going to end the
13 attacks on him. Whereas he gives me a contract which
14 says on its face they can continue to attack you with
15 impunity, Mr. Armstrong.

16 Q. And --

17 A. Who but a madman would sign such a
18 document?

19 Q. And at the time you got that agreement you
20 recognized that problem with it, that it didn't prohibit
21 them from saying whatever they wanted about you; right?

22 A. Well, I also understood from basic
23 understanding and from talking to Michael Flynn that as
24 soon as they open their mouth and say one word, they've
25 waived it, you have a new unit of time, they've violated

1 it, that's it, you're free to talk, you can respond
2 because you cannot, this does not have to do with future
3 acts.

4 It does not say specifically they are free
5 to, they will interpret it that way. And I recognize
6 that as soon as I hear that they've dumped documents on
7 the L.A. Times, soon as I know that they've filed all
8 sorts of false most scurrilous statements about me in
9 the high court in London, I know that that's going on.

10 MR. GREENE: Just a second. Let me take
11 about a two minute break.

12 MR. WILSON: Sure. Go ahead. Any time you
13 want to.

14 (Short recess.)

15 MR. WILSON: Okay.

16 MR. GREENE: I don't think you want the
17 last answer.

18 (Pending question read by the reporter.)

19 MR. WILSON: No, I don't.

20 Let's mark this.

21 MR. GREENE: Did we mark No. 6, just for
22 the record? I know you asked him some questions based
23 on it, but I don't know if it actually got into the
24 record as identified as being six?

25 MR. WILSON: Yes, it did.

1 MR. GREENE: Okay. Thanks.

2 MR. WILSON: Q. After how long did this
3 meeting with Mr. Flynn and Mr. Walters take
4 approximately?

5 A. My best recollection is half an hour.

6 Q. And was Mr. Walters there the whole time?

7 A. I believe so.

8 Q. Where did it take place?

9 A. It was in a hotel in Westwood.

10 Q. Okay.

11 A. And I don't recall the name of it.

12 Q. Have you given us your best recollection of
13 everything that happened at that meeting as far as you
14 can remember now?

15 A. I've given you a recollection of everything
16 in answer to your questions. I don't know if I can come
17 up with more just like that.

18 Q. You testified that the liquidated damages
19 provision was discussed; right?

20 A. Right.

21 Q. And Mr. Flynn told you that that was
22 unenforceable; right?

23 A. Right. I mean, I, I had seen that, in
24 fact, I had signed documents like that inside the
25 organization, so I knew that they were unenforceable.

Exhibit C

FILED

DEC 11 1986

FRANK S. ZOLIN County Clerk

Paul G. Breckenridge
BY ROSIE M. HART, DEPUTY

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

GERALD ARMSTRONG,) No. C 420 153
) (Severed Action)

Cross-Complainant,

v.

ORDER DISMISSING ACTION
WITH PREJUDICE

CHURCH OF SCIENTOLOGY OF
CALIFORNIA, a California
Corporation,

Cross-Defendant.

Upon consideration of the parties' Stipulation for
Dismissal, the "Mutual release of All Claims and Settlement
Agreement" and the entire record herein, it is

ORDERED AND ADJUDGED:

1. That this action is dismissed with prejudice.
2. That an executed duplicate original of the
parties' "Mutual Release of All Claims and Settlement Agreement"
filed herein under seal shall be retained by the Clerk of this
Court under seal.

Dated: December 11, 1986

Paul G. Breckenridge
Hon. Paul G. Breckenridge

1 HUB LAW OFFICES
Ford Greene, Esquire
2 California State Bar No. 107601
711 Sir Francis Drake Boulevard
3 San Anselmo, California 94960-1949
Telephone: (415) 258-0360

4
5 Attorney for Defendant
GERALD ARMSTRONG

6
7
8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 IN AND FOR THE COUNTY OF MARIN

10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

CHURCH OF SCIENTOLOGY)
INTERNATIONAL, a California)
not-for-profit religious)
corporation;)
Plaintiffs,)
vs.)
GERALD ARMSTRONG; DOES 1)
through 25, inclusive,)
Defendants.)

No. 152 229
**ARMSTRONG'S MEMORANDUM OF
POINTS AND AUTHORITIES IN
OPPOSITION TO SCIENTOLOGY'S
MOTION FOR A PRELIMINARY
INJUNCTION**

Date: March 20, 1992
Time: 9:00 a.m.
Dept: 4 - Specially Set

COPY

1 someone or something was or was not adverse to, or aligned against
2 Scientology. The agreement is not specifically enforceable
3 because not only would it be impossible for the Court to decipher
4 the ambiguities inherent in the agreement; even if it could
5 rationally construe the agreement, it could never enforce it.

6 Additionally, since it would be impossible for the Court to
7 enforce the agreement, it is not appropriate for the Court to
8 issue an injunction.

9 e. Since There Is No Mutuality Of Remedy,
10 Specific Performance Will Not Lie

11 In bilateral contract, such as the agreement herein,
12 mutuality of obligation and remedy is necessary because of mutual
13 promises. The doctrine requires that the promises on each side
14 must be binding obligations in order to be consideration for each
15 other. Mattei v. Hooper (1958) 51 Cal.2d 119, 122, 330 P.2d 625;
16 Larwin-Southern Calif. v. JGB Inv. Co. (1979) 101 Cal.App.3d 606,
17 637, 162 Cal.Rptr. 52. In order for the agreement to be
18 obligatory on either party, it must be mutual and reciprocal in
19 its obligations. Harper v. Goldschmidt () 156 Cal. 245, 104
20 P. 451.

21 Paragraphs 4A and 4B of the agreement prohibit Armstrong from
22 litigating Scientology's complaint against him on appeal while
23 allowing Scientology to litigate the matter in the appellate
24 courts to the extent it desired.

25 Paragraph 7D prohibited Armstrong from speaking to others
26 about Scientology, but does not prohibit Scientology from talking
27 to others about Armstrong.

28 Paragraph 7E required Armstrong to deliver documents about

1 Scientology to Scientology, but does not require Scientology to
2 deliver to Armstrong documents it possessed concerning him.

3 Paragraph 7G prohibited Armstrong from assisting or
4 cooperating with persons adverse to, or aligned against
5 Scientology, but did not prohibit Scientology from assisting or
6 cooperating with persons who were aligned against or adverse to
7 Armstrong.

8 Paragraph 7H prohibited Armstrong from testifying about
9 Scientology, but did not prohibit Scientology from testifying
10 about Armstrong. ^{23/}

11 There are two provisions in the agreement that are mutual.
12 One is that Armstrong would dismiss his Cross-Complaint in
13 consideration for a payment of money. The other was in Paragraph
14 7I which stated that neither party would say anything about the
15 other in future litigation. As to the former, Scientology
16 obtained what it paid for, and as to the latter, Scientology has
17 consistently breached it. Thus, as to the provisions that
18 Scientology seek to specifically enforce, specific performance can

20 ²³ Lawrence Heller, the attorney who represented to this
21 Court that "Only Armstrong's cross-complaint was involved in the
22 settlement," Heller Decl. In Support of Preliminary Injunction at
23 1:24, states that it was the intention of the parties that
24 Scientology would enjoy a unilateral right to talk about
25 Armstrong, but that he was to say nothing in response. Id. at
26 2:18-3:5. The reasonableness of Armstrong's rejection of Heller's
27 claim, Exhibit 2 at ¶, is supported by Judge Breckenridge's
28 decision, Exhibit 1-G at 1:28-3:26, and the official
investigation if the Los Angeles County District Attorney's Office
of the so-called "police-sanctioned investigation" of Armstrong.
See, Exhibit 2-M, 2-N, and 2-O. In light of the surrounding
circumstances and his uncompromising stand against Scientology, it
is not reasonable to conclude that Scientology could say whatever
it wanted about Armstrong in its legal papers, Exhibits 2-F, 2-G,
2-H, 2-I, 2-J, and 2-K, but he was required not to respond in
papers of his own.

1 not be had because there is an absence of mutuality.

2 **2. To The Extent That The Agreement Is**
3 **In Restraint Of Trade, It Is Invalid.**

4 Scientology contends that enforcement of the agreement
5 should include preventing Armstrong from working as a paralegal
6 for Ford Greene. Cmplt. at 8:25-9:15; Memo. In Support, at 9:17-
7 10:12. Such is an unreasonable restraint of trade.

8 Business and Professions Code section 16600 provides that,
9 subject to exceptions contained in its chapter, "every contract
10 by which anyone is restrained from engaging in a lawful
11 profession, trade, or business of any kind to that extent is
12 void." The Restatement 2d, Contracts § 186 states: "(1) A promise
13 is unenforceable on grounds of public policy if it is unreasonably
14 in restraint of trade. (2) A promise is in restraint of trade if
15 its performance would limit competition in any business or
16 restrict the promisor in the exercise of a gainful occupation."

17 Although covenants not to compete may be enforceable if for a
18 limited time period, such a covenant in perpetuity is not
19 enforceable. Thus, the lifetime prohibition of Armstrong working
20 as a paralegal is void.

21 **3. Armstrong Has Effective Affirmative Defenses**

22 **a. Laches**

23 A long wait before applying for a preliminary injunction
24 may be evidence that "the harms of which [plaintiff] complain[s]
25 could not have been immediate and urgent." Youngblood v. Wilcox
26 (1989) 207 Cal.App.3d 1368, 1376, 255 Cal.Rptr. 527.

27 Scientology claims that in June, 1991, Cmplt. at p. 2:28,
28 Armstrong began his so-called campaign of "hatred and ill-will"

1 Andrew H. Wilson
WILSON, RYAN & CAMPILONGO
2 235 Montgomery Street
Suite 450
3 San Francisco, California 94104
(415) 391-3900
4

5 Laurie J. Bartilson
BOWLES & MOXON
6255 Sunset Boulevard, Suite 2000
6 Hollywood, CA 90028
(213) 661-4030
7

8 Attorneys for Plaintiff
CHURCH OF SCIENTOLOGY
INTERNATIONAL
9

10 SUPERIOR COURT OF THE STATE OF CALIFORNIA
11 FOR THE COUNTY OF LOS ANGELES

12 CHURCH OF SCIENTOLOGY)
13 INTERNATIONAL, a California not-for-profit)
religious corporation,)

14)
15 Plaintiff,)

16 vs.)

17)
18 GERALD ARMSTRONG; DOES 1 through)
25, inclusive,)

19)
20 Defendants.)

CASE NO. BC 052395

DECLARATION OF LAURIE J.
BARTILSON IN SUPPORT OF
CROSS-DEFENDANT CHURCH OF
SCIENTOLOGY
INTERNATIONAL'S
MOTION FOR SUMMARY
ADJUDICATION OF THE SECOND
AND THIRD CAUSES OF ACTION
OF THE AMENDED CROSS-
COMPLAINT

DATE: March 31, 1993
TIME: 8:30 a.m.
DEPT: 30

DISC CUT-OFF: Apr. 2, 1993
MTN CUT-OFF: Apr. 19, 1993
TRIAL DATE: May 3, 1992
21)
22)
23)

24 I, LAURIE J. BARTILSON, hereby declare:

25 1. I am a member of the law firm of Bowles & Moxon and am an
26 attorney admitted to practice in the State of California. My firm represents plaintiff
27 and cross-defendant Church of Scientology International ("Church") in the instant
28 case. I have personal knowledge of the matters specified in this declaration and,

1 if called upon to testify on such matters, would and could do so competently.

2 2. I am also counsel of record for the Church in the case of Religious
3 Technology Center et al. v. Joseph A. Yanny et al., Los Angeles Superior Court
4 Case No. BC 033035, which is presently on appeal (the "Yanny case"), and
5 counsel for the Church in the case of Vicki Aznaran et al. v. Church of Scientology
6 of California et al., United States District Court for the Central District of California,
7 Case No. CV 88-1786 JMI(Ex), which has been ordered transferred to the United
8 States District Court for the Western District of Texas (the "Aznaran case").

9 3. Joseph Yanny represented the Church and other related entities as
10 general counsel and in litigation matters from 1983 until 1987.

11 4. In July, 1991, Yanny substituted into the Aznaran case as counsel for
12 the Aznarans against the Church and related entities. The Church asked Yanny to
13 remove himself from the case, because of his prior employment as the Church's
14 counsel. When Yanny refused, the Church moved for his disqualification.

15 5. While the Church's motion for disqualification was pending before the
16 federal court, Yanny continued to act as the Aznarans' counsel, and to file
17 memoranda, motions and other documents on their behalf. Acting on the advice of
18 counsel, including myself, the Church initiated the Yanny action, and requested
19 that Yanny be enjoined from his adverse representation of the Aznarans.

20 6. The Church sought and obtained a preliminary injunction against
21 Yanny in the Yanny case. I was present during the hearings which preceded the
22 issuance of the injunction. During those proceedings, Yanny asserted that Gerald
23 Armstrong had been employed by him to aid him as a paralegal on the Aznaran
24 case. Yanny also submitted to the court several declarations signed by Armstrong
25 in which Armstrong, inter alia, described his purported experiences with the
26 Church, disclosed portions of the Settlement Agreement, and admitted that he had
27 voluntarily come to Los Angeles at Yanny's request for the purpose of helping
28 Yanny with the Aznaran case.

1 7. On July 24, 1991, the federal court in the Aznaran case issued an
2 order sua sponte withdrawing its permission for Yanny to substitute into the
3 Aznaran case on behalf of the Aznarans, and ordering Ford Greene reinstated as
4 the Aznarans' counsel.

5 8. Declarations of Gerald Armstrong were filed in the Aznaran case by
6 Greene on August 26, 1991 and September 3, 1991. In paragraph 18 of his
7 September 3 declaration, Armstrong admitted that he had been providing Greene
8 with paralegal assistance in the Aznaran case.

9 9. The Church filed declarations in the Aznaran case which mention or
10 concern Armstrong as follows:

11 a. Declaration of Laurie J. Bartilson dated August 23, 1991.

12 This declaration states that on August 19, 1991, a man who
13 identified himself to me as Gerry Armstrong answered the telephone
14 in Mr. Greene's office, and took a message for Mr. Greene. [¶3.] A
15 true and correct copy of this declaration is attached hereto as Exhibit
16 1.

17 b. Declaration of Laurie J. Bartilson dated August 26, 1991.

18 This declaration again states that on August 19, 1991, a man who
19 identified himself to me as Gerry Armstrong answered the telephone
20 in Mr. Greene's office, and adds that Armstrong told me that he was
21 at Mr. Greene's office "helping out." [¶3.] It also identifies two
22 declarations filed by Armstrong and Yanny in the Yanny case in which
23 Armstrong and Yanny claimed that Armstrong was Yanny's paralegal.
24 [¶4.] A true and correct copy of this declaration is attached hereto as
25 Exhibit 2.

26 c. Declaration of Lynn R. Farny dated August 26, 1991. This

27 declaration identifies a picture of Armstrong which was taken by a
28 private investigator at Mr. Greene's office. [¶3.] It also quotes

1 statements made by Armstrong in 1984 on a videotape which Mr.
2 Farny states he has personally viewed. [¶4, 6.] A true and correct
3 copy of this declaration is attached hereto as Exhibit 3.

4 d. Declaration of Laurie J. Bartilson dated September 3, 1991.

5 This declaration again states that on August 19, 1991, a man who
6 identified himself to me as Gerry Armstrong answered the telephone
7 in Mr. Greene's office, and took a message for Mr. Greene [¶3]. It
8 also states that on August 30, 1991, Armstrong called me on Mr.
9 Greene's behalf, and asked me to provide him with additional copies
10 of papers and exhibits. [¶4.] A true and correct copy of this
11 declaration is attached hereto as Exhibit 4.

12 e. Declaration of August Murphy dated September 4, 1991.

13 This declaration states that on August 19, 1991, at 3:30 p.m., Mr.
14 Murphy went to Greene's offices to pick up some papers. While
15 there, he observed a man sleeping on the floor of Mr. Greene's office.
16 [¶3.] When Mr. Murphy returned to Mr. Greene's office at 7:30, the
17 man who had been sleeping on the floor identified himself to Mr.
18 Murphy as Gerald Armstrong, and told Mr. Murphy to return at 9:00
19 p.m. [¶6.] When Mr. Murphy returned at 9:00 p.m., Armstrong
20 announced that he was going to Kinko's to pick up the copies. He
21 left, and returned with a large box of documents at approximately
22 9:35 p.m. Armstrong and Greene then assembled a set of documents
23 and gave them to Mr. Murphy. [¶¶ 7, 8.] A true and correct copy of
24 this declaration is attached hereto as Exhibit 5.

25 10. Each of the declarations identified in paragraph 9, supra, was filed in
26 support of the Church's motion to dismiss the Aznaran case. The Church sought
27 dismissal as an appropriate sanction for the deliberate hiring by the Aznarans of the
28 Church's former lawyer. The Church argued that Armstrong's employment as a

1 paralegal for first Yanny and then Greene gave rise to an inference of Yanny's
2 continuing improper involvement in the Aznaran case. All of the declarations were
3 obviously and reasonably filed to provide the court with evidence in support of this
4 theory.

5 11. Upon review of the declarations of Armstrong submitted in Yanny and
6 in Aznaran, the statements of Yanny, my own personal contact with Armstrong
7 acting as Greene's paralegal, as well as the Mutual Release and Settlement
8 Agreement ("the Agreement") signed by Armstrong in December, 1986, in the
9 case of Church of Scientology of California v. Gerald Armstrong, LASC No. C 420
10 153 ("Armstrong I"), I concluded that Armstrong had plainly and obviously violated
11 the terms of the Agreement. Specifically, Armstrong had breached paragraphs
12 7(D), 7(H), 7(G), 10, 12 and/or 18 of the Agreement.

13 12. On October 3, 1991, because of these clear and continuing violations
14 of the Agreement, the Church filed a motion to enforce the Agreement in
15 Armstrong I. The sole purpose of the filing of that motion was to obtain the relief
16 requested; i.e., the benefits of the Agreement for which the Church had bargained
17 and paid Armstrong approximately \$800,000.

18 13. On December 23, 1991, the Armstrong I court determined that it did
19 not have continuing jurisdiction over the parties and the Agreement, and so denied
20 the Church's motion.

21 14. Because Armstrong had breached the Agreement as described herein,
22 and because Armstrong was continuing to breach the Agreement in, at least, his
23 work for Mr. Greene, the Church initiated the instant action on February 4, 1992,
24 seeking damages for breach of contract and a preliminary and permanent
25 injunction. The sole purpose of the filing of the Complaint herein was to obtain the
26 relief which it requests.

27 15. On March 5, 1992, Judge Dufficy issued a Temporary Restraining
28 Order ("TRO") against Armstrong which prohibited Armstrong from further

1 breaching the Agreement. On March 20, 1992, Judge Dufficy extended the
2 duration of the TRO during the pendency of the transfer of the case to Los
3 Angeles.

4 16. On March 20, 1992, following the hearing in which Judge Dufficy
5 extended the TRO, I observed Armstrong and Greene giving interviews to members
6 of the press in the Marin County courthouse. Later I saw a broadcast on CNN in
7 which Armstrong made statements concerning his experiences with the Church.

8 17. In late March, I read the transcript of a deposition in which
9 Armstrong testified under oath that he had, inter alia, voluntarily discussed his
10 experiences with the Church for several hours with attorneys for plaintiffs in a case
11 in which a Scientology-related entity was a named defendant, and provided them
12 with documents.

13 18. My co-counsel and I concluded that Armstrong's conduct described in
14 paragraphs 16 and 17 were plain violations of the TRO, and brought a motion
15 requesting the Marin Court to issue an OSC re: contempt.

16 I declare under penalty of perjury under the laws of the State of California
17 that the foregoing is true and correct.

18 Executed this 3rd day of March, 1993, at Los Angeles, California.

19
20
21 
22 Laurie J. Bartilson
23
24
25
26
27
28

H:\ARMSTRON\SJCROSS.DEC

DECLARATION OF LAURIE J. BARTILSON

1
2 I, LAURIE J. BARTILSON, hereby declare and state:

3 1. I am a partner in the firm of Bowles & Moxon, which is
4 co-counsel of record for defendants in the above-captioned
5 case. I have personal knowledge of the matters set forth
6 herein and, if called upon to do so, could and would
7 competently testify thereto.

8 2. On August 19, 1991, at approximately 10:30 a.m., I
9 called the offices of Ford Greene in San Anselmo, California.
10 The telephone was answered by an answering machine, which played
11 a message stating that Ford Greene had had an emergency, and
12 would not be able to return any calls until Monday, August 19.
13 I left a message on the machine, giving my name and telephone
14 number, and requesting that Mr. Greene contact me concerning
15 service of the papers which he had due to be filed that day.

16 3. At approximately 1:15 p.m. on August 19, 1991, I again
17 called Greene's offices. This time a man answered the
18 telephone, and offered to take a message for Ford Greene. When
19 I asked the man for his name, he told me that he was Gerry
20 Armstrong. I was surprised to hear this, as I knew that until
21 recently, Mr. Armstrong had been working as a paralegal for
22 Joseph Yanny. I explained to Mr. Armstrong that I wanted to
23 coordinate service of the papers with Mr. Greene, and offered
24 to have a courier pick them up from Greene's offices. Mr.
25 Armstrong promised to relay the message.

26 4. At approximately 2:15 p.m. on August 19, 1991, Mr.
27 Greene returned my call. I was tied up, but called him back
28 shortly thereafter. Mr. Greene informed that the papers "were

1 at Kinko's" being copied, and that he had been told that they
2 would be ready between 5:00 and 6:00. He agreed to call my
3 offices when they were ready for pickup.

4 5. I later discovered that my San Francisco courier had
5 already left for San Anselmo. As the drive was substantial, he
6 decided to simply wait at Mr. Greene's office until the papers
7 were ready,

8 6. Mr. Greene did not give the courier copies of the
9 papers until approximately 9:00 p.m. The courier then called
10 my offices, and listed the materials which he had been given.
11 The quantity of papers was substantially smaller than I had
12 expected.

13 7. At approximately 9:45 p.m., I called Mr. Greene's
14 offices, and once again spoke with Mr. Greene. I told him
15 that I wanted to review with him what I the courier had gotten,
16 as it seemed incomplete. Mr. Greene interrupted me, and said,
17 "Let me make it easier for you. Let me tell you what you don't
18 have. You don't have any separate statements with the summary
19 judgment oppositions, you don't have an opposition to the
20 motion to dismiss, you don't have an opposition to the Singer
21 motion, and you don't have an opposition to the Rule 42
22 motion."

23 8. I asked Mr. Greene why it was that I had not been
24 served with these papers. He stated that I had not been served
25 because they were not completed and had not yet been filed. He
26 stated that he planned to continue to work on them and to file
27 them late. He said, "I assume that you all will object to
28 that." I told him that I thought that we would, and expressed

1 the view that the Court would be likely to object as well,
2 since the deadlines were imposed by the Court.

3 I declare under the penalties of perjury under the laws of
4 the United States of America that the foregoing is true and
5 correct.

6 Executed this 23rd day of August, 1991, at Los Angeles,
7 California.

8 
9 LAURIE J. BARTILSON

10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

DECLARATION OF LAURIE J. BARTILSON

I, LAURIE J. BARTILSON, hereby declare and state:

1. I am co-counsel of record for plaintiffs in the case of Aznaran v. Church of Scientology of California, et al., Case No. CV 88-1786 JMI(Ex). I have personal knowledge of the matters set forth herein and, if called upon to do so, could and would competently testify thereto.

2. On August 19, 1991, I called the offices of Ford Greene, counsel for plaintiffs in this case, to arrange to have a courier pick up several oppositions which plaintiffs were due to file that day.

3. The person who answered the telephone in Mr. Greene's office identified himself as Gerald Armstrong. When queried, Armstrong stated that he was at Greene's office "helping out." I recognized that Armstrong was a person who has been a long-term litigation adversary of my client, Church of Scientology of California, having been sued for conversion of documents belonging to the Church's Founder.

4. In addition, in a case pending in Los Angeles Superior Court, Religious Technology Center, et al. v. Yanny, Case No. BC 033035. Armstrong and Joseph Yanny have both filed declarations under penalty of perjury that Armstrong was hired by Yanny as a paralegal to work on this case. (Ex. B, Declaration of Joseph A Yanny, July 31, 1991, para. 4; Ex. H, Declaration of Gerald Armstrong, July 19, 1991, para. 4). Even though Yanny protested its issuance, partially on the ground that Armstrong was his paralegal in this case (Ex. G, Transcript of August 6, 1991, at 25), Yanny was preliminarily

1 enjoined in that case from directly or indirectly acting as
2 counsel against defendants on behalf of either the Aznarans or
3 Gerald Armstrong.

4 I declare under the penalties of perjury under the laws of
5 California and the United States of America that the foregoing
6 is true and correct.

7 Executed this day of August at Los Angeles, California.

8
9
10 LAURIE J. BARTILSON
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

DECLARATION OF LYNN R. FARNY

1 I, Lynn R. Farny, do declare:

2 1. I am over 18 years of age and make this declaration of
3 my own personal knowledge and for those matters stated upon
4 information and belief, I believe them to be true and accurate.
5 If called as a witness to testify as to the matters herein, I
6 could and would do so competently.

7 2. I am corporate Secretary of the Church of Scientology
8 International ("CSI"), a California religious corporation.

9 3. I have reviewed the photographs which are attached to
10 the declarations of Sam Brown and Thorn Smith, Exhibits D
11 and I to the Supplemental Memorandum in Support of Motion to
12 Dismiss the Complaint. I recognize the individual in the
13 photographs attached to the Smith declaration as John Koresko
14 and the individual in the photographs attached to the Brown
15 declaration as Gerald Armstrong.

16 4. I am well familiar with Gerald Armstrong, as I have
17 worked in the legal department of CSI since 1984, and prior to
18 that in the legal department of Church of Scientology of
19 California ("CSC"). I have actively followed the events
20 occurring during that time in lawsuit against Gerald Armstrong
21 by CSC regarding his theft of private documents belonging to
22 the Founder of the Scientology religion.

23 5. I am also well familiar with John Koresko, who was
24 office manager and later a paralegal for Joseph A. Yanny,
25 CSI's former attorney, during the time that Yanny represented

26 ///

27 ///

1 CSI and afterwards, when CSI and CSC sued Yanny for his
2 breaches of fiduciary duties.

3 6. That Armstrong is amenable to the kind of covert
4 representation in which Yanny is engaging in this case is
5 highlighted by his recorded remarks made in November 1984. At
6 that time, Armstrong was plotting against the Scientology
7 Churches and seeking out staff members in the Church who would
8 be willing to assist him in overthrowing Church leadership. The
9 Church obtained information about Armstrong's plans and,
10 through a police-sanctioned investigation, provided Armstrong
11 with the "defectors" he sought. On November 30, 1984, Armstrong
12 met with one Michael Rinder, an individual whom Armstrong
13 thought to be one of his "agents" (but who in reality was loyal
14 to the Church). In the conversation, recorded with written
15 permission from law enforcement, Armstrong stated the following
16 in response to questions by Mr. Rinder as to whether they had
17 to have actual evidence of wrongdoing to make allegations
18 against the Church leadership:

19 ARMSTRONG: They can allege it. They can allege
20 it. They don't even have -- they can allege it.

21 RINDER: So they don't even have to -- like -- they
22 don't have to have the document sitting in front
23 of them and then --

24 ARMSTRONG: Fucking say the organization destroys
25 the documents.

26 * * *

27 Where are the -- we don't have to prove a goddamn
28 thing. We don't have to prove shit; we just have

1 to allege it.

2 I declare under penalty of perjury under the laws of the
3 state of California that the foregoing is true and correct.

4 Executed in Los Angeles, California the 26th day of August
5 1991.

6 
7 LYNN/R. FARNY
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

DECLARATION OF LAURIE J. BARTILSON

I, LAURIE J. BARTILSON, hereby declare and state:

1. I am co-counsel of record for defendants in the case of Aznaran v. Church of Scientology of California, et al., Case No. CV 88-1786 JMI(Ex). I have personal knowledge of the matters set forth herein and, if called upon to do so, could and would competently testify thereto.

2. On August 19, 1991, I called the offices of Ford Greene, counsel for plaintiffs in this case, to arrange to have a courier pick up several oppositions which plaintiffs were due to file that day.

3. The person who answered the telephone in Mr. Greene's office identified himself as Gerald Armstrong. When queried, Armstrong stated that he was at Greene's office "helping out." I recognized Armstrong's voice as well, as I attended his deposition in another case. Armstrong is a long-term litigation adversary of some of the defendants, in a case which was settled in 1986.

4. On Friday, August 30, 1991, I received a telephone call from Gerald Armstrong. He stated that he was calling me for Ford Greene, and asked me to provide additional copies of papers and exhibits, claiming that it was difficult to tell the

///

///

///

///

///

///

1 identity of persons in some of the pictures that were exhibits.

2 I declare under the penalties of perjury under the laws of
3 California and the United States of America that the foregoing
4 is true and correct.

5 Executed this 3rd day of September, 1991, at Los Angeles,
6 California.

7
8 
9 LAURIE S. BARTILSON

10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

DECLARATION OF AUGUST MURPHY

I, AUGUST MURPHY, declare and state:

1. I am over the age of eighteen. I have personal knowledge of the facts set forth below, and if called upon to do so, could competently testify to those facts.

2. On August 19, 1991, I went to the law offices of Ford Greene to pick up service copies of documents in the case of Aznaran et al. v. Church of Scientology of California et al., Case No. CV 88-1786 JMI (Ex).

3. I arrived at Mr. Greene's offices at approximately 3:30 p.m. I looked in the door to the office, and observed a man and a woman sleeping on the floor, underneath a single blanket.

4. I began looking for Mr. Greene. After a few minutes, he came around the side of the building. He explained to me that the copies were not yet ready, and would be done around 5:00 p.m. I told him that I would get a bite to eat and come back, rather than drive all the way back to the city.

5. When I returned to Mr. Greene's office at 5:00 p.m., the door was still locked, and the man and woman were still asleep on the floor. I knocked, and they just shrugged at me. I went outside to the front of the building, and Mr. Greene came out. He said that the papers still were not finished being copied, and that I should come back at 7:30 p.m.

6. When I returned at 7:30, the man who had been sleeping opened the door at my knock. He told me that Mr. Greene had gone to dinner, and that the copier had broken down. I asked

1 him his name, and he said that it was Gerald Armstrong. He told
2 me to come back at 9:00 p.m.

3 7. I returned to Mr. Greene's office yet again at 9:00
4 p.m. Armstrong came in while I was waiting, and said that he
5 was going to Kinko's to pick up the copies. He left, and I
6 waited with Mr. Greene.

7 8. At approximately 9:35, Armstrong came in with a large
8 box of documents which he took into a back room. Armstrong and
9 Greene then put together a set of documents, which they gave to
10 me.

11 I declare under penalty of perjury under the laws of the
12 State of California and the United States of America that the
13 foregoing is true and correct.

14 Executed at San Francisco, California, the 4th day of
15 September, 1991.

16 
17 August Murphy

Declaration of Gerald Armstrong

I, Gerald Armstrong, declare:

1. I have been advised by attorney Joseph A. Yanny that he has been sued by one or more Scientology entities, hereinafter referred to as "the organization," for inducing me to breach a settlement agreement I entered into with the organization in December 1986. I am making this declaration to show that this allegation is in every respect untrue.

2. I received a telephone call from Mr. Yanny to my answering machine on or about July 10, 1991. He left a message which simply said, "I need your help." I

(2)
called him back at which
time he reiterated his request
for my help and explained
that because of organization
machinations (which have
been detailed in other declar-
ations by other parties), Rick
and Vicki Azmaran, plaintiffs
and counter-defendants against
the organization had been
induced to fire their attorney,
Ford Greene, and that Mr.
Janny had come into the
case to ensure they had
legal representation. Mr. Janny
also expressed during this
conversation some personal
concerns, which will remain
private and confidential

between Mr. Young and me.

3. I told Mr. Young at that time that I would help and that I would travel to Los Angeles on July 12. I asked him for five hundred dollars to cover my expenses, and told him he could consider it as purchase of stock in the Gerald Armstrong Corporation (TGAC). I also counseled Mr. Young at that time regarding his personal spiritual difficulties. (TGAC is a California Corporation in which, although it bears my name and I am its active officer,

(4)
I own no stock)
4. I did travel to
Los Angeles, did stay at
Mr. Yanny's home, did
work in his office on
July 15 and 16, and did
write and execute a
declaration on July 16 giving
my knowledge of the
effect of the December 1986
group settlement agreements
on the ability of the
Azyranone and other indivi-
duals victimized by the
organization to obtain
proper legal representation.
I also discussed with
Mr. Yanny literary and

artistic matters, areas of the law, as a copyright and trademark attorney, in which he has expertise. The majority of my time with Mr. Yonny concerned spiritual matters, an area in which I have expertise.

5. I refer this Court to my declarations of March 15, 1990 and December 25, 1990, and the exhibits thereto. These declarations detail the circumstances at the time of the December 1986 settlement and the many instances subsequently

(6)
when I was attacked
or threatened by the
organization in violation
of the settlement agreements.
These declarations make it
very clear that I consider
I have a right to counter
the organization's attacks,
to speak out against
its policy of "fair game"
and assaults on the
basic rights of individuals,
and to assist those
whom I would depend
on for protection against
the organization's legal
and extra-legal might
and antisocial acts.
It is therefore the org-

organization itself which induced me, if I was induced by any person agency to do anything which the organization might consider a breach of the settlement agreement.

6. But more than a desire to protect myself or right the organization's unjust acts towards me, however, I helped Mr. Yanny for the simple reason that he asked. I will do the same for anyone. The organization is aware of this fact because it received my letter of

June 21, 1991, a copy of which will accompany this declaration as Exhibit 1, and acknowledged the letter's receipt in their letter of July 3, 1991, a copy of which will accompany this declaration as Exhibit 2. It is not only the right of all men to respond to requests for help, it is our essence. If I was induced, therefore, to help Mr. Yanny, or anyone else, it was our Creator who induced me. Mr. Yanny, unlike the organization, was not aware of my dedication to helping my fellow humans, did not know of my June

21, 199 letter, so acted
in innocence.

7. I do not ask for
or expect a fee for my
help, although generally
& do not refuse whatever
is given me. I know
that I am sustained
completely by the Great
Coordinator who sends to
me whomsoever He wants me
to help. I therefore can-
not be induced by money
or whatever anyone can
offer me.

I declare under the
pain and penalty of perjury
under the laws of the
State of California that
the foregoing is true and

correct.

Executed this 19th day
of July at New York, New
York.

A large, stylized handwritten signature in cursive script, appearing to be 'G. Armstrong', written over a horizontal line.

Gerald Armstrong

Exhibit G

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

DEPARTMENT NO. 56

HON. BRUCE R. GEERNAERT, JUDGE

CHURCH OF SCIENTOLOGY OF)
CALIFORNIA,)

PLAINTIFF,)

VS.)

GERALD ARMSTRONG,)

DEFENDANT.)

CASE NO. C 420 153

RECEIVED

JAN 31 1992

HUB LAW OFFICES

REPORTER'S TRANSCRIPT OF PROCEEDINGS

MONDAY, DECEMBER 23, 1991

APPEARANCES:

(SEE APPEARANCE PAGE.)

COPY

HERBERT CANNON, CSR NO. 1923
OFFICIAL REPORTER

PL 10043/WE 01 1 PL 1110. CA 93/25 - 108M (A) 78

1 APPEARANCES:

2 FOR THE PLAINTIFF:

 MICHAEL LEE HERTZBERG, ESQ.
 740 BROADWAY, FIFTH FLOOR
 NEW YORK, NEW YORK 10009

 WLLIAM T. DRESCHER, ESQ.
 23679 CALABASAS ROAD
 SUITE 388
 CALABASAS, CA. 91302

7
8 FOR THE DEFENDANT:

 TOBY PLEVIN, ESQ.
 10700 SANTA MONICA BLVD.
 SUITE 4-300
 LOS ANGELES, CA. 90025

 JOSEPH A. YANNY, ESQ.
 1925 CENTURY BOULEVARD
 SUITE 1260
 LOS ANGELES, CA. 90067

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

PL 1104/D/11/11 - THE INFO. CA. 93725 - 10PM (A.I.) 74

1 LOS ANGELES, CALIFORNIA; MONDAY, DECEMBER 23, 1991; 10:30 A.M.
 2 DEPARTMENT NO. 56 HON. BRUCE R. GEERNAERT, JUDGE
 3 APPEARANCES: (SEE TITLE PAGE.)
 4 (HERBERT CANNON, OFFICIAL REPORTER.)
 5

6 THE COURT: THE CHURCH OF SCIENTOLOGY VERSUS ARMSTRONG.
 7 STATE YOUR APPEARANCES, PLEASE.

8 MR. HERTZBERG: MICHAEL LEE HERTZBERG, H-E-R-T-Z-B-E-R-G,
 9 FOR THE MOVING PARTY, YOUR HONOR.

10 MR. DRESCHER: WILLIAM DRESCHER, D-R-E-S-C-H-E-R, ALSO
 11 ON BEHALF OF THE MOVING PARTY, YOUR HONOR.

12 MS. PLEVIN: TOBY L. PLEVIN FOR GERALD ARMSTRONG, YOUR
 13 HONOR.

14 MR. YANNY: JOSEPH YANNY, INTERVENOR OR PROPOSED
 15 INTERVENOR.

16 JUST AS A MATTER OF COURTESY, MR. HERTZBERG
 17 DROPPED THAT IN THE AISLEWAY.

18 MR. HERTZBERG: IT WAS A PIECE OF PAPER THAT WAS THROWN
 19 AT ME.

20 I AM CONCENTRATING ON THIS ORAL ARGUMENT, YOUR
 21 HONOR. THIS IS NOT --

22 THE COURT: DO YOU KNOW WHAT IT IS?

23 MR. HERTZBERG: NO, YOUR HONOR.

24 I DO KNOW WHEN I WENT TO READ THE CALENDAR ON
 25 THE HALLWAY A GENTLEMAN APPROACHED ME AND SAID HE HAD SOME-
 26 THING FOR ME.

27 MR. YANNY: IT IS A DEPOSITION SUBPOENA, YOUR HONOR.

28 MR. HERTZBERG: LET ME FINISH.

DI 11040/WE 11.1 INE 4/90. CA 93725 - 108M CAL 74

1 IN THERE, QUOTE, JOINT STIPULATION OF DISMISSAL, END QUOTE,
2 PAGE 2, LINES 5 AND 6, QUOTE, THIS COURT SHALL RETAIN
3 JURISDICTION AND MAY REOPEN THIS CASE AT ANY TIME FOR THE
4 PURPOSE OF ENFORCING SAID AGREEMENT, END QUOTE.

5 AND, FURTHER, IT APPEARS THAT JUDGE BRECKEN-
6 RIDGE MAY HAVE BEEN AWARE OF THAT AGREEMENT BETWEEN THE
7 PARTIES; BUT IT NEVERTHELESS, APPEARS THAT JUDGE BRECKEN-
8 RIDGE WAS NOT ASKED TO AND DID NOT ORDER THE PARTIES TO
9 PERFORM THE AGREEMENT; NOR DID HE ORDER CONTINUING JURIS-
10 DICTION AS THE PARTIES EVIDENTLY DESIRED HIM TO DO.

11 THE MOVING PARTY ASSERTS THAT THIS COURT HAS
12 JURISDICTION TO GRANT THIS MOTION PURSUANT TO CCP 127(A)4.

13 ARE YOU RELYING ON CCP 127(A)4?

14 MR. HERTZBERG: AND ALSO 664.6.

15 THE COURT: WE'LL GET TO THAT IN A MINUTE.

16 DO YOU HAVE IT THERE? MAY I SEE IT?

17 MR. HERTZBERG: WE HAVE IT IN TWO PLACES. WE HAD IT
18 MISCITED, YOUR HONOR, IN ONE PAPER.

19 MS. PLEVIN: THE TEXT OF 127(A)4, YOUR HONOR, IS ON
20 PAGE 2 OF MR. ARMSTRONG'S SUPPLEMENTAL OPPOSITION TO THE
21 JURISDICTIONAL ISSUE.

22 MR. HERTZBERG: I THINK WE CITED IT AS -- I BELIEVE
23 THIS IS THE CORRECT TEXT.

24 THE COURT: THAT IS WHAT THREW ME A LITTLE BIT.

25 SO YOU CITED IT AS 128(A)4; IN ANY EVENT, IT
26 PROVIDES EVERY COURT 'SHALL HAVE THE POWER TO DO ALL THE
27 FOLLOWING ... "

28 SO BACK IN THE MINUTE ORDER; HOWEVER, IT

1 REALLY IS 128(A)4. SO MAKE THAT 128(A)4; HOWEVER, CCP
2 128(A)4 RELATES TO COMPELLING OBEDIENCE TO ITS JUDGMENTS,
3 ORDERS AND PROCESS. AND AS INDICATED, THERE IS NO SUCH
4 JUDGMENT OR ORDER HEREIN.

5 DURING THE PROCEEDINGS MOVING PARTY ALSO
6 RELIED UPON SECTION 664.6 OF THE CODE OF CIVIL PROCEDURE;
7 HOWEVER, IT APPEARS THAT ON DECEMBER 11, 1986 THIS ACTION
8 WAS DISMISSED WITH PREJUDICE. THEREFORE, THIS COURT LACKS
9 JURISDICTION UNDER 664.6 OF THE CODE OF CIVIL PROCEDURE
10 SINCE THIS SECTION CEASES TO BE A JURISDICTIONAL BASIS AFTER
11 ENTRY OF JUDGMENT OR JUDGMENT OF DISMISSAL FOR THE REASONS
12 AND ON THE GROUNDS SET FORTH IN THE NOTES OF THE OFFICIAL
13 COURT REPORTER.

14 NOW, TURNING TO THE YANNY MOTION.

15 MR. HERTZBERG: I JUST WANTED THE RECORD TO REFLECT
16 THAT WE OBJECT TO THIS GROUND FOR DENYING THE MOTION, FOR
17 DISMISSING THE MOTION, JUST FOR THE RECORD SO THE RECORD IS
18 ABSOLUTELY CLEAR.

19 THE COURT: ALSO ON CALENDAR THE MOTION OF JOSEPH A.
20 YANNY FOR LEAVE TO INTERVENE IN THE PENDING ACTION AND FOR
21 ACCESS TO SEALED FILES.

22 I AM GOING TO CONSIDER THIS NOT AS A MOTION
23 TO INTERVENE AS A PARTY PLAINTIFF OR DEFENDANT, BUT A MOTION
24 SEEKING ACCESS TO DOCUMENTS SEALED UNDER COURT ORDER.

25 AND THAT ELIMINATES A LOT OF THE ARGUMENT
26 AS TO THE TECHNICALITIES OF FILING OF A COMPLAINT IN INTER-
27 VENTION AS SUCH.

28 ACTUALLY, IN YOUR PAPERS, MR. YANNY, YOU ALSO

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

DEPARTMENT NO. 56

HON. BRUCE R. GEERNAERT, JUDGE

CHURCH OF SCIENTOLOGY OF)
CALIFORNIA,)

PLAINTIFF,)

VS.)

GERALD ARMSTRONG,)

DEFENDANT.)

CASE NO. C 420 153

REPORTER'S CERTIFICATE

STATE OF CALIFORNIA)

COUNTY OF LOS ANGELES)

SS

I, HERBERT CANNON, OFFICIAL REPORTER OF THE SUPERIOR COURT OF THE STATE OF CALIFORNIA, FOR THE COUNTY OF LOS ANGELES, DO HEREBY CERTIFY THAT THE FOREGOING PAGES, 1 THROUGH 77, COMPRISE A TRUE AND CORRECT TRANSCRIPT OF THE PROCEEDINGS HELD IN THE ABOVE-ENTITLED MATTER ON DECEMBER 23, 1991.

DATED THIS 6TH DAY OF JANUARY, 1992.

Herbert Cannon

OFFICIAL REPORTER

CSR NO. 1923

RECEIVED/WE 01 1 1992 NO. CA 93725 - 108M (A) 78

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Exhibit H

FILED

MAR - 5 1992

HOWARD HANSON
MARIN COUNTY CLERK
By A. Cooper, Deputy

1 Andrew H. Wilson
2 WILSON, RYAN & CAMPILONGO
3 235 Montgomery Street
4 Suite 450
5 San Francisco, California 94104
6 (415) 391-3900

7 Laurie J. Bartilson
8 BOWLES & MOXON
9 6255 Sunset Boulevard
10 Suite 2000
11 Hollywood, California 90028
12 (213) 661-4030

13 Attorneys for Plaintiff
14 CHURCH OF SCIENTOLOGY INTERNATIONAL
15

16 SUPERIOR COURT OF THE STATE OF CALIFORNIA

17 FOR THE COUNTY OF MARIN

WILSON, RYAN & CAMPILONGO
235 Montgomery Street, Suite 450
San Francisco, California 94104

18 CHURCH OF SCIENTOLOGY)
19 INTERNATIONAL, a California)
20 not-for-profit religious)
21 corporation;)

Case No. 152229

TEMPORARY RESTRAINING ORDER

22 Plaintiff,

23 vs.

24 GERALD ARMSTRONG; DOES 1)
25 through 25, inclusive,)

26 Defendants.)
27)
28)

29 Plaintiff's application for a Temporary Restraining Order was
30 heard by the Court on this 3rd day of March, 1992, and good cause
31 appearing therefor,

32 IT IS HEREBY ORDERED:

33 1. Pending the hearing on Plaintiff's Motion for a
34 Preliminary Injunction, to be heard by the Court on March 20, 1992
35 at 9:00 a.m., Defendant Gerald Armstrong ("Armstrong" or
36 "Defendant"), his agents ~~and all those acting in concert with him,~~
37 are hereby temporarily enjoined from violation of that certain
38

1 Settlement Agreement ("Agreement") dated September 6, 1986, including
2 the following:

3 2. Armstrong is restrained from violating Paragraph 7(d)
4 which prohibits Armstrong from creating or publishing books or
5 magazine articles, disclosing his experiences with Scientology, and
6 any knowledge or information he may have concerning the Church of
7 Scientology, L. Ron Hubbard, or any of the organizations listed in
8 Paragraph 1 of the Agreement ("Scientology organizations")
9 affiliated therewith, disclosing documents identified in Exhibit A
10 to the Settlement Agreement, including films, tapes, photographs,
11 recordings or variations or copies of any such materials which
12 concern or relate to the religion of Scientology, L. Ron Hubbard or
13 any of the Scientology organizations;

14 3. Defendant is restrained from violating the provisions of
15 Paragraph 7(g) which prohibits Defendant from voluntarily assisting
16 or cooperating with any person adverse to Scientology in any
17 proceeding against any of the Scientology organizations, or from
18 cooperating in any manner with any organizations aligned against
19 Scientology;

20 4. Defendant is restrained from violating the provisions of
21 Paragraph 7(h) which prohibits Defendant from testifying or
22 participating in judicial or administrative proceedings adverse to
23 Scientology or any of the Scientology organizations unless compelled
24 to do so by subpoena or lawful process;

25 5. Defendant is restrained from violating the provisions of
26 Paragraph 10, which prohibits Defendant from assisting or advising
27 anyone, including individuals, partnerships, associations,
28 corporations, or governmental entities contemplating any claim or

1 engaged in litigation or involved in or contemplating any activity
2 adverse to the interests of any of the Scientology organizations;

3 6. Defendant is restrained from violating the provisions of
4 Paragraph 18(d), which prohibits Defendant from disclosing the
5 contents of the Agreement;

6 7. Nothing in this Order shall be construed to prohibit
7 Armstrong from working in the employ of, or as an independent
8 contractor for, Ford Greene on matters not involving the Church of
9 Scientology International or any of the Scientology organizations.

10 DATED: 3 / 5, 1992.

MICHAEL B. DUFFICY

JUDGE OF THE SUPERIOR COURT

11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

FILED

MAR 24 1992

HOWARD HANSON
MARIN COUNTY CLERK
By A. Cooper, Deputy

1 Andrew H. Wilson
2 WILSON, RYAN & CAMPILONGO
3 235 Montgomery Street
4 Suite 450
5 San Francisco, California 94104
6 (415) 391-3900

7 Laurie J. Bartilson
8 BOWLES & MOXON
9 6255 Sunset Boulevard
10 Suite 2000
11 Hollywood, California 90028
12 (213) 661-4030

13 Attorneys for Plaintiff
14 CHURCH OF SCIENTOLOGY INTERNATIONAL

15 SUPERIOR COURT OF THE STATE OF CALIFORNIA

16 FOR THE COUNTY OF MARIN

17 CHURCH OF SCIENTOLOGY)
18 INTERNATIONAL, a California)
19 not-for-profit religious)
20 corporation;)

21 Plaintiff,

22 vs.

23 GERALD ARMSTRONG; DOES 1)
24 through 25, inclusive,)
25 Defendants.)

Case No. 152229

ORDER RE DEFENDANT'S
MOTION TO DISMISS OR STAY
OR TRANSFER TO LOS ANGELES
SUPERIOR COURT

26 Defendant's motion for a change of venue was heard on March 20,
27 1992 at 9:00 a.m. in the above-entitled Court. Plaintiff was
28 represented by Wilson, Ryan and Campilongo, Andrew H. Wilson
appearing, and by Bowles and Moxon, Laurie J. Bartilson appearing.
Defendant was represented by Ford Greene.

Whereas, the Honorable Bruce R. Geernaert of the Los Angeles
Superior Court, having replaced Paul G. Breckenridge, Jr., in Church
of Scientology of California v. Gerald Armstrong, Los Angeles
Superior Court Case No. C 420 153, narrowly ruled on December 23,

WILSON, RYAN & CAMPILONGO
235 Montgomery Street, Suite 450
San Francisco, California 94104

1 2. This Court's order of March 5, 1992 is hereby extended ^{and}
 2 through and including the earlier of May 4, 1992 ^{or further order of the court.} ~~or the date that a~~
 3 ~~preliminary injunction is granted or denied by the Los Angeles~~ F6

4 ~~Superior Court.~~ Defendant Gerald Armstrong and his agents are
 5 hereby enjoined from violation of that certain Settlement Agreement
 6 ("Agreement") dated December 6, 1986, including the following:

7 a. Armstrong is restrained from violating Paragraph 7(d)
 8 which prohibits Armstrong from creating or publishing books or
 9 magazine articles, disclosing his experiences with Scientology, and
 10 any knowledge or information he may have concerning the Church of
 11 Scientology, L. Ron Hubbard, or any of the organizations listed in
 12 Paragraph 1 of the Agreement ("Scientology organizations")
 13 affiliated therewith, disclosing documents identified in Exhibit A
 14 to the Settlement Agreement, including films, tapes, photographs,
 15 recordings or variations or copies of any such materials which
 16 concern or relate to the religion of Scientology, L. Ron Hubbard or
 17 any of the Scientology organizations;

18 b. Defendant is restrained from violating the provisions
 19 of Paragraph 7(g) which prohibits Defendant from voluntarily
 20 assisting or cooperating with any person adverse to Scientology in
 21 any proceeding against any of the Scientology organizations, or from
 22 cooperating in any manner with any organizations aligned against
 23 Scientology;

24 c. Defendant is restrained from violating the provisions
 25 of Paragraph 7(h) which prohibits Defendant from testifying or
 26 participating in judicial or administrative proceedings adverse to
 27 Scientology or any of the Scientology organizations unless compelled
 28 to do so by subpoena or lawful process;

1 1991 that pursuant to Code of Civil Procedure sections 127(a)(4) and
2 564.4 he did not have jurisdiction to enforce the Mutual Release of
3 All Claims and Settlement Agreement executed December 6, 1986; and

4 Whereas, Paragraph 20 of said Agreement is nevertheless
5 effective as a forum selection clause which this court may enforce
6 under Smith v. Superior Court (1986); and

7 Having reviewed the written arguments and evidence submitted by
8 the parties, and having heard the arguments of counsel,

9 It is therefore ORDERED as follows:

10 1. Defendant's motion to transfer the file in Marin County
11 Superior Court Case No. 152229 is GRANTED.

12 a. It is FURTHER ORDERED that the file herein shall be
13 transferred to James H. Dempsey, Executive Officer and Clerk of the
14 superior court of Los Angeles, 111 North Spring Street, Los Angeles,
15 California, 90012 immediately after the expiration of twenty (20)
16 days of the date of this Order as required by Code of Civil
17 Procedure sections 399 and 400, the parties hereto waiving the
18 written notice required by Code of Civil Procedure Section 400.

19 b. It is FURTHER ORDERED that pursuant to Code of Civil
20 Procedure section 399 Plaintiff shall pay the costs of transfer of
21 the file to Los Angeles Superior Court.

22 c. It is FURTHER ORDERED that this Court shall retain
23 jurisdiction to determine, upon noticed motion, whether Defendant
24 should be awarded fees and costs in connection with the bringing of
25 the Motion to Transfer and to enforce, if necessary, Paragraphs 2.b.
26 through f. until the earlier of May 4, 1992 or the date a
27 preliminary injunction motion is appealed or denied in the Los
28 Angeles Superior Court.

Exhibit J

SUPERIOR COURT OF CALIFORNIA, MARICOUNTY

8 APR 1992

13:23

DATE: 3/27/92 COURT MET AT _____ DEPARTMENT NO. 4
 PRESENT: HON. Michael B. Dufficy JUDGE Plooper DEPUTY CLERK _____
 REPORTER _____ BAILIFF _____

TITLE:
Church of Scientology
of International
 vs.
Gerald Armstrong, et. al.

COUNSEL:
Ex Parte

NATURE OF PROCEEDINGS: Order Regarding Further Hearings ACTION NO. 152229
& Signing of Further Documents

The above entitled case came before the Court on motions, 2 of which were Motion to Transfer to Los Angeles County & Motion for Preliminary Injunction.

The Court granted the motion to Transfer and granted an extension of 45 days on the Preliminary Injunction. All remaining motions were to be heard in Los Angeles County.

Pursuant to that order, no further orders are to be submitted to this Court and there will be no further hearings scheduled regarding this matter.

cc: A. Wilson
 L. Bartilson
 F. Brown
 Intervener, Mr. Berry

SUPERIOR COURT OF CALIFORNIA , COUNTY OF LOS ANGELES

Date: May 28, 1992
 Honorable Ronald M. Schigian, Judge
 1

M. Cervantes, Deputy Clerk
 None (E.R.M.)

BC 052395

(Parties and Counsel checked if present)

Church of Scientology, International

Counsel For
Plaintiff

vs.

Gerald Armstrong, et al.

Counsel For
Defendant

No Appearances

NATURE OF PROCEEDINGS: RULING ON MATTER TAKEN UNDER SUBMISSION ON MAY 27, 1992

In this matter heretofore taken under submission on May 27, 1992, the court now makes the following ruling.

1 Plaintiff's legal remedies are inadequate insofar as the scope of relief ordered below is concerned, but not otherwise. CCP 526(4) and (5).

2 The threatened acts which are restrained by the order referred to below, but only those threatened acts, would do irreparable harm to plaintiff which could not be compensated by monetary damages. CCP 526(2).

3 On the basis of the instant record, there is a reasonable probability that plaintiff will prevail after trial of this case in the respects restrained by this order. CCP 526(1); cf., San Francisco Newspaper Printing Co., Inc. vs. Superior Court (Miller) (1985) 170 Cal. App. 3d 438.

4 Plaintiff is likely to suffer greater injury from denial of the preliminary injunction the terms of which are set out below than the injury which defendant is likely to suffer if it is granted. See Robbins vs. Superior Court (County of Sacramento) (1985) 38 Cal. 3d 199, 206.

5 The granting of a preliminary injunction in the terms set out below will preserve the status quo pending trial.

SUPERIOR COURT OF CALIFORNIA , COUNTY OF LOS ANGELES

Date: May 28, 1992
 Honorable Ronald M. Schigian, Judge
 1a

M. Cervantes, Deputy Clerk
 None (E.R.M.)

BC 052395

(Parties and Counsel checked if present)

Church of Scientology, International

Counsel For
Plaintiff

vs.

Gerald Armstrong, et al.

Counsel For
Defendant

No Appearances

NATURE OF PROCEEDINGS: RULING ON MATTER TAKEN UNDER SUBMISSION ON MAY 27, 1992

6 Application for preliminary injunction is granted in part, in the following respects only.

Defendant Gerald Armstrong, his agents, and persons acting in concert or conspiracy with him (excluding attorneys at law who are not said defendant's agents or retained by him) are restrained and enjoined during the pendency of this suit pending further order of court from doing directly or indirectly any of the following:

Voluntarily assisting any person (not a governmental organ or entity) intending to make, intending to press, intending to arbitrate, or intending to litigate a claim against the persons referred to in sec. 1 of the "Mutual Release of All Claims and Settlement Agreement" of December, 1986 regarding such claim or regarding pressing, arbitrating, or litigating it.

Voluntarily assisting any person (not a governmental organ or entity) arbitrating or litigating a claim against the persons referred to in sec. 1 of the "Mutual Release of All Claims and Settlement Agreement" of December, 1986.

The court does not intend by the foregoing to prohibit defendant Armstrong from: (a) being reasonably available for the service of subpoenas on him; (b) accepting service of subpoenas on him without physical resistance, obstructive tactics, or flight; (c) testifying fully and fairly in response to properly put questions either in deposition, at trial, or in other legal or arbitration proceedings; (d) properly reporting or disclosing to authorities criminal conduct of the persons referred to in sec. 1 of the "Mutual Release of All Claims and Settlement Agreement" of December, 1986; or (e) engaging in gainful employment rendering clerical or paralegal services not contrary to the terms and conditions of this order.

SUPERIOR COURT OF CALIFORNIA , COUNTY OF LOS ANGELES

Date: May 28, 1992
 Honorable Ronald M. Schigian, Judge
 1b

M. Cervantes, Deputy Clerk
 None (E.R.M.)

BC 052395

(Parties and Counsel checked if present)

Church of Scientology, International
 vs.

Counsel For
 Plaintiff

Gerald Armstrong, et al.

Counsel For
 Defendant

No Appearances

NATURE OF PROCEEDINGS: RULING ON MATTER TAKEN UNDER SUBMISSION ON MAY 27, 1992

The application for preliminary injunction is otherwise denied.

7 The restraints referred to in sec. 6, above, will become effective upon plaintiff's posting an undertaking in the sum of \$70,000 pursuant to CCP 529(a) by 12:00 noon on June 5, 1992.

8 The restraints referred to in sec. 6, above, properly balance and accommodate the policies inherent in: (a) the protectable interests of the parties to this suit; (b) the protectable interests of the public at large; (c) the goal of attaining full and impartial justice through legitimate and properly informed civil and criminal judicial proceedings and arbitrations; (d) the gravity of interest involved in what the record demonstrates defendant might communicate in derogation of the contractual language; and (e) the reasonable interpretation of the "Mutual Release of All Claims and Settlement Agreement" of December, 1986. The fair interpretation of all the cases cited by the parties indicates that this is the correct decisional process. The law appropriately favors settlement agreements. Obviously, one limitation on freedom of contract is "public policy"; in determining what the scope of the public policy limitation on the parties' rights to enforcement of their agreement in the specific factual context of this case, the court has weighed the factors referred to in the first sentence of this section. Litigants have a substantial range of contractual freedom, even to the extent of agreeing not to assert or exercise rights which they might otherwise have. The instant record shows that plaintiff was substantially compensated as an aspect of the agreement, and does not persuasively support defendant's claim of duress or that the issues involved in this preliminary injunction proceeding were precluded by any prior decision.

SUPERIOR COURT OF CALIFORNIA , COUNTY OF LOS ANGELES

Date: May 28, 1992
 Honorable Ronald M. Sohigian, Judge
 1c

M. Cervantes, Deputy Clerk
 None (E.R.M.)

BC 052395

(Parties and Counsel checked if present)

Church of Scientology, International

Counsel For
Plaintiff

vs.

Gerald Armstrong, et al.

Counsel For
Defendant

No Appearances

NATURE OF PROCEEDINGS: RULING ON MATTER TAKEN UNDER SUBMISSION ON MAY 27, 1992

9 The court does not dispositively decide the underlying merits of the case except for this preliminary determination. CCP 526(1); Baypoint Mortgage Corp. vs. Crest Premium Real Estate etc. Trust (1985) 168 Cal. App. 3d 818, 823.

10 Plaintiff is ordered give written notice by mail by June 5, 1992, including in that written notice a statement regarding whether plaintiff has or has not posted the undertaking referred to in sec. 7, above, and attaching to that written notice evidence showing that the undertaking has been posted if that is the fact.

DATED: May 28, 1992.

RONALD M. SOHIGIAN

RONALD M. SOHIGIAN
 Judge of the Superior Court

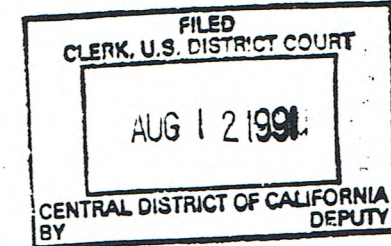
A copy of this minute order is sent to counsel via United States mail this date.

1 John J. Quinn
Eric L. Dobberteen
2 QUINN, KULLY AND MORROW
520 South Grand Avenue, 8th Floor
3 Los Angeles, CA 90071
(213) 622-0300

4 William T. Drescher
23679 Calabasas Road, Suite 338
5 Calabasas, CA 91302
(818) 591-0039

6 Earle C. Cooley
7 COOLEY, MANION, MOORE & JONES, P.C.
21 Custom House Street
8 Boston, MA 02110
(617) 542-3700

9 Kendrick L. Moxon
10 BOWLES & MOXON
6255 Sunset Boulevard,
11 Suite 2000
Hollywood, CA 90028
12 (213) 661-4030



James H. Berry, Jr.
BERRY & CAHALAN
2049 Century Park East
Suite 2750
Los Angeles, CA 90067
(213) 284-2183

13 Attorneys for Plaintiff
14 CHURCH OF SCIENTOLOGY INTERNATIONAL

15 UNITED STATES DISTRICT COURT

16 FOR THE CENTRAL DISTRICT OF CALIFORNIA

17 CHURCH OF SCIENTOLOGY)
INTERNATIONAL,)

18 Plaintiff,)

19 vs.)

20 C. PHILLIP XANTHOS; ALAN)
LIPKIN; MARCUS OWENS; MARVIN)
21 FRIEDLANDER; S. ALLEN)
WINBORNE; ROBERT BRAUER;)
22 JOSEPH TEDESCO; CHARLES)
RUMPH; RAYMOND JUCKSCH;)
23 MELVYN YOUNG; CARL CORSI;)
GREGORY ROTH; WILLIAM)
24 CONNETT; KEITH ALAN KUHN;)
CHARLES JEGLIKOWSKI; MELVIN)
25 BLOUGH; RODERICK DARLING;)
and DOES 1 - 200,)

26 Defendants.)
27)
28)

No.

91 4501 SUV(Tx)

COMPLAINT FOR DAMAGES FOR AND
INJUNCTIVE RELIEF FROM:

1. FOURTH AMENDMENT VIOLATIONS;
2. FIRST AMENDMENT VIOLATIONS;
3. DUE PROCESS VIOLATIONS UNDER THE FIFTH AMENDMENT; AND
4. EQUAL PROTECTION VIOLATIONS UNDER THE FIFTH AMENDMENT

JURY TRIAL DEMANDED

JURISDICTION AND VENUE

1
2 1. As this action seeks damages for violations of
3 the United States Constitution brought under the authority of
4 Bivens v. Six Unknown Agents of Federal Bureau of Narcotics,
5 403 U.S. 388 (1971), this Court has subject matter
6 jurisdiction pursuant to 28 U.S.C. § 1331.

7 2. Venue is proper in this Court pursuant to 28 U.S.C.
8 § 1391(b) in that jurisdiction is not founded solely on
9 diversity of citizenship and the claims arose in this judicial
10 district. Venue is also proper in this Court pursuant to 28
11 U.S.C. § 1391(e) in that this is a civil action in which all
12 the defendants are or were employees of a United States agency,
13 some of whom are residents of this judicial district, which is
14 the judicial district in which plaintiff resides and in which
15 the causes of action set forth arose.

PARTIES

16
17 3. Plaintiff Church of Scientology International ("the
18 Church") is a not for profit religious corporation organized
19 and existing under the laws of the State of California, with
20 its principal place of business in Los Angeles, California. In
21 accordance with the ecclesiastical policies of the Scientology
22 religion, plaintiff is the Mother Church of the Scientology
23 religion, an internationally recognized religion engaged solely
24 in spiritual, charitable, humanitarian and community-oriented
25 endeavors intended to enhance adherents' spiritual knowledge of
26 themselves and their Creator. The Scientology religion has
27 more than 8 million members and Scientology Churches,
28 Missions and groups exist in 90 nations around the world.

1 4. Except for three who have retired from government
2 service since performing the acts hereinafter averred, the
3 defendants are, and at all relevant times were, employees of
4 the Internal Revenue Service ("IRS"). The matters averred in
5 this Complaint are largely drawn from information only recently
6 discovered by the Church in the course of Freedom of Information
7 Act ("FOIA") litigation.

8 5. As the conduct which gives rise to the Church's claims
9 of constitutional violations occurred within different divisions
10 and offices of the IRS, the defendants are grouped within their
11 respective divisions for the purposes of the following
12 identifying averments:

13 A. Los Angeles Criminal Investigation Division.

14 i. Defendant Philip Xanthos ("Xanthos") is,
15 and at all relevant times was, a Branch Chief of
16 the Los Angeles Criminal Investigation Division of
17 the IRS ("LA CID"). Upon information and belief,
18 Xanthos resides in this judicial district.

19 ii. Defendant Alan Lipkin ("Lipkin") is, and
20 at all relevant times was, a Group Manager within
21 LA CID. Upon information and belief, Lipkin
22 resides in this judicial district.

23 B. National Office Exempt Organizations.

24 i. Defendant Marcus Owens ("Owens") is
25 currently the Director of the IRS National
26 Office Exempt Organizations ("EO") Technical
27 Division, and was, at all relevant times
28 an official of the EO Technical Division. Upon

1 information and belief, Owens resides in the State
2 of Maryland.

3 ii. Defendant Marvin Friedlander
4 ("Friedlander") is, and at all relevant times was,
5 an IRS Senior Conferee Reviewer in the EO
6 Technical Division. Upon information and belief,
7 Friedlander resides in the State of Maryland.

8 iii. Defendant S. Allen Winborne ("Winborne")
9 was at all relevant times until approximately
10 1987 IRS Assistant Commissioner for Employee Plans
11 and Exempt Organizations. Upon information and belief,
12 Winborne resides in the State of Maryland.

13 iv. Defendant Robert Brauer ("Brauer") was
14 at all relevant times from approximately
15 1987 to and including approximately December, 1990, IRS
16 Assistant Commissioner for Employee Plans and Exempt
17 Organizations. Since in or about January, 1991,
18 Brauer has been the IRS District Director in
19 Pittsburgh, Pennsylvania. Upon information and
20 belief, Brauer resides in the Commonwealth of
21 Pennsylvania.

22 v. Defendant Joseph Tedesco ("Tedesco") was
23 at all relevant times until approximately 1987, Chief
24 of the National Office Exempt Organizations
25 Technical Division. Since in or about 1987,
26 Tedesco has been in retirement. Upon information
27 and belief, Tedesco resides in the Commonwealth of
28 Virginia.

1 v. Defendant Charles Rumph ("Rumph") was
2 at all relevant times until approximately 1986,
3 an attorney in the Tax Litigation Division, Office of
4 Chief Counsel at the National Office. Although he did
5 not work in EO, plaintiff is informed and believes
6 that Rumph worked in conjunction with the other EO
7 defendants in doing the acts hereinafter averred.
8 Since in or about 1986, Rumph has been in
9 retirement. Upon information and belief, Rumph
10 resides in the District of Columbia.

11 vii. Defendant Roderick Darling ("Darling")
12 is, and at all relevant times was, an IRS tax law
13 specialist in the EO Technical Division. Upon
14 information and belief, Darling resides in the
15 State of Maryland.

16 C. Los Angeles Exempt Organizations Division.

17 i. Defendant Raymond Jucksch ("Jucksch") is,
18 and at all relevant times was, a Group Manager
19 within the Los Angeles Exempt Organizations
20 Division of the IRS ("LA EO"). Upon information
21 and belief, Jucksch resides in this judicial
22 district.

23 ii. Defendant Melvyn Young ("Young") is, and
24 at all relevant times was, a Revenue Agent within
25 LA EO. Upon information and belief, Young resides
26 in this judicial district.

27 iii. Defendant Carl Corsi ("Corsi") was at
28 all relevant times to and including

1 July, 1989, a Revenue Agent within LA EO.

2 Since in or about July, 1989, Corsi has been
3 in retirement. Upon information and belief, Corsi
4 resides in this judicial district.

5 D. Los Angeles District Counsel Office.

6 i. Defendant Charles Jeglikowski
7 ("Jeglikowski") is, and at all relevant times was,
8 an attorney within the IRS District Counsel's
9 office located in Thousand Oaks, California. Upon
10 information and belief, Jeglikowski resides in
11 this judicial district.

12 ii. Defendant Gregory Roth ("Roth") is, and
13 at all relevant times was, an attorney within the
14 IRS District Counsel's office located in Thousand
15 Oaks, California. Upon information and belief,
16 Roth resides in this judicial district.

17 E. Los Angeles District Office.

18 i. Defendant William Connett ("Connett")
19 was at all relevant times to and including
20 January, 1986, District Director of the Los
21 Angeles District Office of the IRS. Since in or
22 about 1987, Connett has been the IRS
23 Representative in Paris, France, where, on
24 information and belief, he now resides.

25 F. IRS National Office Internal Security
26 Division.

27 i. Defendant Keith Alan Kuhn ("Kuhn") is,
28 and at all relevant times was, Chief of the

1 Investigations Branch of the Internal Security
2 Division of the Office of the Chief Inspector of
3 the IRS. Upon information and belief, Kuhn
4 resides either in the State of Maryland or the
5 Commonwealth of Virginia.

6 G. St. Petersburg, Florida Exempt Organizations
7 Division.

8 1. Defendant Melvin Blough ("Blough") is, and
9 at all relevant times was, a Revenue Agent within
10 the Exempt Organizations Division of the St.
11 Petersburg, Florida office of the IRS. Upon
12 information and belief, Blough resides in the
13 state of Florida.

14 6. Upon information and belief, IRS employees other than
15 those named as defendants in this action performed acts which
16 are unlawful and unconstitutional in connection with the facts
17 set forth in this complaint. The Church will seek leave of
18 Court to amend this complaint when the IRS employees not named
19 as defendants, but whose conduct warrants their inclusion as
20 defendants in this action, are identified.

21 NATURE OF PLAINTIFF'S CLAIMS

22 7. By this action, the Church seeks damages for
23 violations of its First, Fourth, and Fifth Amendment rights
24 arising from the conduct of the defendants and others within
25 the Internal Revenue Service. While this action focuses on
26 recent events, it is the culmination of three decades of IRS
27 coercion in violation of the Free Exercise Clause of the First
28 Amendment, discriminatory treatment in violation of the

1 Establishment Clause of the First Amendment and the Equal
2 Protection component of Due Process under the Fifth Amendment,
3 as well as the denial of procedural Due Process rights in
4 violation of the Fifth Amendment, and actions in violation
5 of the Church's Fourth Amendment rights.

6 8. Although the IRS has withheld the vast majority of
7 documents requested by Churches of Scientology under the FOIA,
8 the limited FOIA information recently discovered by the Church
9 through the production of documents and testimony demonstrates
10 the actionable conduct hereinafter averred. This action,
11 moreover, does not arise in a vacuum. It is an outgrowth of
12 IRS conduct that includes:

13 a. Efforts by the IRS' Chief Counsel's
14 office to persuade at least one municipal
15 authority to find "local statutes and ordinances
16 available as tools to curtail or close down"
17 Scientology Churches;

18 b. Employment of "plants" to infiltrate
19 Scientology Churches to obtain copies of Church
20 records;

21 c. Recommendations of the IRS Chief Counsel
22 that "defining church in regulations is one method
23 to attack Scientology," which recommendation was
24 followed by the formulation of such a definition
25 in General Counsel Memorandum 36078 entitled
26 "Church of Scientology" (later promulgated as
27 Revenue Ruling 76-415);

28 d. Targeting the Church of Scientology as

1 "subversive," and conducting non-tax-related
2 surveillance and intelligence gathering that a
3 United States Senate Subcommittee would later find
4 was "used to stigmatize, to set a group of
5 individuals and organizations apart as somehow
6 inherently suspect ..." and which a Senate Select
7 Committee found to be "an effort to employ tax
8 weapons for essentially nontax purposes";

9 e. IRS documents which refer to the
10 Scientology religion as "religious bunco" and a
11 "grab-bag of philosophical voodooism," as well as
12 IRS tape recordings of witness interviews in which
13 defendants Young, Corsi and Roth referred to
14 Scientologists as "crazy devotees," characterized
15 Scientology's religious services as a "dog and
16 pony show," compared adherence to the Scientology
17 faith to drug addiction, and called the religion
18 itself a "facade"; and

19 f. Encouragement given by Corsi, Young and Roth
20 to individuals pursuing civil cases involving claims for
21 damages against plaintiff and other Scientology Churches.

22 9. The claims for relief asserted in this action arise
23 from the demise of a two-year criminal investigation of
24 plaintiff, other Scientology Churches, and individual
25 Scientologists that produced no indictments, no charges, and
26 nothing more than the refusal of the Department of Justice to
27 take any action with regard to that lengthy investigation. In
28 the aftermath of that investigatory debacle, defendants, as is

1 more fully averred later in this complaint, embarked upon a
2 course of conduct which has included:

3 a. EO employees demanding documents from
4 plaintiff and other Scientology Churches
5 ostensibly to evaluate applications for exemption
6 under 26 U.S.C. § 501(c)(3), while in reality
7 making such demands so that those documents could
8 be turned over to IRS criminal investigators in
9 violation of the Fourth Amendment;

10 b. Inauguration of nationally and
11 locally coordinated campaigns to single out
12 plaintiff and other Churches of Scientology as
13 targets for tax inquiries because they were
14 Churches of Scientology, and to use such inquiries
15 as a means to generate otherwise unavailable tax
16 liabilities such as under the Federal Insurance
17 Contribution Act and the Federal Unemployment Tax
18 Act in violation of the Establishment and Free
19 Exercise Clauses of the First Amendment and the
20 Equal Protection component of the Due Process
21 Clause of the Fifth Amendment; and

22 c. Embarking on a nationally and
23 locally coordinated campaign of collections
24 activity which arbitrarily and capriciously
25 freezes and attempts to freeze bank accounts of
26 plaintiff and other Scientology Churches for
27 alleged tax obligation of still other Scientology
28 Churches without notice and without any

1 opportunity to be heard before seizing plaintiff's
2 property in violation of the Due Process Clause of
3 the Fifth Amendment.

4 FIRST CLAIM FOR RELIEF

5 (For First, Fourth and Fifth Amendment Violations by
6 Defendants Xanthos, Lipkin, Owens, Friedlander,
7 Darling, Winborne, Tedesco, Rumph, Jucksch)

8 10. The Church repeats and realleges each and every
9 averment set forth in paragraphs 1 through 9, inclusive.

10 11. The Scientology religion has been in existence for
11 nearly four decades. From its earliest days, it has been a
12 target of IRS scrutiny and hostility. After years of
13 controversy and litigation, the IRS agreed with various
14 Churches of Scientology to conduct an examination of a
15 representative church and issue an exemption ruling based upon
16 that examination for the representative church and all others
17 similarly situated.

18 12. The IRS, for 25 consecutive days in March and April
19 1975, conducted an exhaustive examination of the Church of
20 Scientology of Hawaii ("the Hawaii Church"), addressing every
21 aspect of that church's operations, including Scientology
22 beliefs and practices. As a result of that examination, Church
23 of Scientology of Hawaii and twelve other Scientology churches
24 were granted exemptions under 26 U.S.C. § 501(c)(3).

25 13. The grant of exemption to the Hawaii Church followed
26 an unsuccessful attempt by the IRS to employ a litigation tactic
27 appropriately described as "harass and moot" to avoid judicial
28 adjudication of the exemption issue. When the Hawaii Church

1 filed suit contesting the IRS' 1969 denial of exemption, the
2 IRS tendered a refund of the taxes to avoid an unfavorable
3 court decision. When the Church refused the refund and pressed
4 for a judicial determination, the IRS moved to dismiss claiming
5 that the issue had been rendered moot. After the Ninth Circuit
6 rejected this litigation ploy, the IRS settled the case and
7 later granted exemption. The IRS, however, continued to resist
8 applications for exemption by Scientology churches despite the
9 fact that its only thorough, comprehensive examination of any
10 church had resulted, begrudgingly, in more than a dozen
11 exemptions.

12 14. Exemption applications for plaintiff Church of
13 Scientology International, Church of Spiritual Technology and
14 Religion Technology Center were filed with the Internal Revenue
15 Service in 1983. These exemption applications were forwarded
16 to the IRS National Office by the local offices where they were
17 filed. Responsibility for the exemption applications resided
18 with defendants Owens, Friedlander, and Tedesco of the
19 National Office EO working in conjunction with defendant Rumph
20 of the Office of the Chief Counsel. EO requested additional
21 information of the filing entities. Discussions between Church
22 counsel and the IRS personnel processing the applications began
23 with regard to the IRS' requests for additional information,
24 and at the request of those defendants the applicants provided
25 further information to the IRS based on the belief that the
26 newly formed churches all qualified for exemption and that the
27 IRS was acting in good faith in the negotiations. EO letter
28 requests to plaintiff and the other applicants dated July 30

1 and October 5, 1984 and January 18 and April 22, 1985 requested
2 the applicants comment on specific allegations made by LA CID
3 informants that were at the heart of the ongoing CID
4 investigation. FOIA records and discovery in FOIA litigation
5 reveal a continuous flow of information from EO to LA CID.

6 15. It is now clear, however, that defendants and the IRS
7 were not dealing in good faith, but rather, were merely asking
8 for and receiving voluminous financial and other records from
9 plaintiff and the other churches without any intention of ever
10 granting any section 501(c)(3) exemptions and as an unlawful
11 means of obtaining data for LA CID. The use of the exemption
12 process to obtain information for a criminal investigation
13 deprived plaintiff of its rights guaranteed by the First,
14 Fourth and Fifth Amendments to the United States Constitution,
15 and violated specific IRS rules designed to protect those
16 rights. The Internal Revenue Manual contains specific
17 provisions which require EO to "immediately suspend" an inquiry
18 if EO learns that "an assigned case involves a taxpayer who is
19 the subject of a criminal investigation." The EO agents
20 responsible for plaintiff's exemption application did not
21 suspend the civil proceeding, but instead continued to use it
22 as a means for gathering information for CID.

23 16. Between 1984 and 1986, LA CID conducted an extensive
24 criminal investigation of plaintiff, other Scientology
25 churches, and individual Scientologists, under the auspices of
26 defendant Connett, the then-District Director, defendant
27 Xanthos, the LA CID Branch Chief and defendant Lipkin, the
28 assigned LA CID Group Manager. That investigation included the

1 use of mail covers, paid informants, summonses to dozens of
2 financial institutions and church members, and infiltration of
3 Scientology's ecclesiastical hierarchy. The infiltration of
4 the Church was planned as an undercover operation by the
5 LA CID along with former Church member Gerald Armstrong, who
6 planned to seed church files with forged documents which the
7 IRS could then seize in a raid. The CID actually planned to
8 assist Armstrong in taking over the Church of Scientology
9 hierarchy which would then turn over all Church documents to
10 the IRS for their investigation. The CID further coordinated
11 this plan with the Ontario Provincial Police in Canada, through
12 direct contacts and exchange of information, hoping that
13 through simultaneous assaults the "momentum of . . . charges
14 will cause [Scientology] to collapse." Thus, the documents
15 being channelled from EO to CID were being used for the
16 unlawful purpose of forwarding criminal investigations in both
17 the United States and in Canada.

18 17. That criminal investigation, the results of which
19 were ultimately rejected in full by the Department of Justice,
20 was doomed from its inception because it was based upon a
21 faulty premise -- that plaintiff and the other Churches were
22 engaging in criminal conduct (conspiracy to interfere with the
23 collection of taxes) by the mere fact that they had applied for
24 section 501(c)(3) exemptions. In other words, at the time that
25 EO was allegedly processing the exemption applications, the IRS
26 had already made a determination that the exemption
27 applications were criminal instruments because the applying
28 churches had already been prejudged as non-exempt.

1 18. The IRS personnel charged with responsibility for the
2 exemption applications -- defendant Friedlander, and his
3 superiors Owens, Tedesco and Winborne -- were fully aware of
4 the ongoing criminal investigation, yet despite the fact that
5 the Fourth and Fifth Amendment and IRS written procedures
6 mandate that all civil IRS proceedings concerning a given tax
7 period be suspended during the time in which a criminal
8 investigation of that same period is in progress, EO personnel
9 continued to request and receive information and documents
10 from plaintiff and the other Churches and delivered such
11 information and documents to defendants Xanthos, Lipkin and the
12 other LA CID personnel conducting the criminal investigation.

13 19. In late July 1984, the Church learned through the
14 media that LA CID had initiated a criminal investigation
15 relating to Scientology organizations and individuals. Leaks
16 to the media regarding the CID investigation had already
17 resulted in unfavorable and harmful media reports, prior to the
18 time when the organizations and individuals became aware that
19 they were under investigation. In response to one such
20 article, Church counsel contacted defendant Connett who
21 confirmed that an investigation of Scientology's founder, L.
22 Ron Hubbard, and another Scientologist was in progress, but who
23 expressly misrepresented to counsel that the criminal
24 investigation was separate and distinct from the ongoing
25 exemption application process, and encouraged the Church to
26 continue the application process. Connett, with the assent
27 of defendants Friedlander and Winborne, told the Church's
28 attorneys that the CID investigation did not directly involve

1 any of the applicants and might not lead to charges being
2 filed. He stated that in that case, it would not make sense to
3 drop the existing team which was developing the exemption
4 applications. The truth of the matter was that defendants
5 Friedlander and Tedesco were turning material over to LA CID,
6 either directly, through Connett, or through the Los Angeles
7 Exempt Organizations Division (which was staffed by defendants
8 Jucksch, Corsi, and Young).

9 20. Connett did not merely misrepresent the status of the
10 CID investigation to the Church. He also set into motion the
11 coordination between the National Office employees processing
12 the exemption applications, and the agents of the CID. In
13 January 1985, Friedlander contacted Xanthos and his superior,
14 CID Chief Ronald Saranow, at the suggestion of defendant
15 Connett for the purpose of obtaining information from CID's
16 files. Friedlander informed defendant Tedesco of his plan to
17 travel to Los Angeles along with defendant Rumph, for the
18 purpose of reviewing CID's materials as well as CID's "draft
19 prosecution letter." In order to prevent plaintiff and the
20 other churches from learning of the CID investigation,
21 Friedlander proposed that EO and CID could mutually coordinate
22 when or if any CID material would be included in any
23 applicant's administrative file to preclude premature
24 disclosure. Tedesco approved of the trip, as did defendant
25 Winborne, who stated they should leave when ready.

26 21. In approximately February 1985, during the course of
27 EO's information gathering on behalf of LA CID, defendants
28 Friedlander and Rumph traveled to Los Angeles and met with

1 defendant Lipkin to acquire information about the criminal
2 investigation and to learn of the criminal investigators' areas
3 of interest so that EO and LA CID might work together more
4 efficiently. At that time, Friedlander was provided with a
5 draft copy of a "Special Agent's Report" ("SAR") prepared by the
6 LA CID defendants, Xanthos and Lipkin, requesting prosecution of
7 various Scientology Churches, entities, members and their
8 counsel, and setting forth the theories of prosecution.
9 Friedlander thereafter sought information from plaintiff and the
10 other applicants relating to areas addressed in the draft SAR,
11 representing that the information was necessary for EO's
12 evaluations of the pending exemption applications. The
13 information requested by Friedlander was supplied to EO, and
14 thereafter forwarded by EO to LA CID to assist in the criminal
15 investigation. Friedlander kept defendants Owens, Tedesco and
16 Winborne informed regarding the provision of information by EO
17 to LA CID. Moreover, Friedlander, knowing that he should have
18 suspended the EO examination in light of the pending CID
19 investigation, consulted agents of LA CID as well as Tedesco,
20 Winborne and others concerning the requirement of suspending
21 the EO proceeding. Friedlander was specifically directed to
22 continue the exemption process, and he did so.

23 22. Following Friedlander's return from viewing CID's
24 files in Los Angeles, EO employee Roderick Darling communicated
25 with Friedlander regarding the use of the CID materials.
26 Darling suggested that EO could pose questions to the Church
27 based on certain documents in CID's files, since it would not
28 involve reliance on any testimony solicited by CID and,

1 therefore, would not expose the IRS to the charge that the IRS
2 EO function had allied itself with CID or was tainted by CID's
3 conspiracy theories. Darling also informed Friedlander that
4 CID hoped that EO would somehow be able to extract information
5 from the Church, and that EO would be able to turn up something
6 which CID had not been able to. In March 1985, defendants
7 Lipkin and Connett attended a meeting at the National Office to
8 discuss the pending exemption applications with defendants
9 Friedlander, Winborne, Rumph and Tedesco. They discussed the
10 possible timing of denials of exemption to coincide with the
11 CID's prosecution. Connett also assured the EO defendants that
12 CID would provide them with the Special Agent's Report when it
13 was completed.

14 23. Numerous instances of the provision of information
15 from defendants responsible for EO functions to defendants
16 responsible for LA CID functions are presently known to
17 plaintiff through FOIA requests, FOIA litigation and discovery
18 in such actions, and numerous other instances of such unlawful
19 acts are believed to exist but have not yet been discovered by
20 plaintiff. The IRS has even attempted to thwart such Freedom
21 of Information Act discoveries by improperly withholding
22 documents and portions thereof concerning the unlawful
23 collusion between EO and CID which should have been released.
24 The IRS has improperly asserted that records revealing the
25 collusion were not discloseable based on the IRS' "deliberative
26 process privilege," and thereby seeking to keep its unlawful
27 acts from coming to view.

28 24. To prevent the revelation of the unlawful and

1 unconstitutional collusion between EO and LA CID, Friedlander
2 destroyed copies of memoranda and notes taken during his visits
3 to LA CID, and on information and belief, notes of subsequent
4 telephone communications with Lipkin and others. Friedlander
5 also destroyed documents he requested from LA CID because he did
6 not want to place them in the application files and thereby be
7 required to supply them to the applicant churches. Darling
8 also supplied documents obtained during EO's examination to LA
9 CID for its use in its criminal investigation and received a
10 copy of the draft SAR.

11 25. The initial conduit for transmitting information and
12 documents from the Church through the EO in Washington, D.C.
13 (defendants Owens, Tedesco, Rumph, Darling and Friedlander) to
14 LA CID (defendants Xanthos and Lipkin, under the supervision of
15 defendant Connett) was the Los Angeles Exempt Organizations
16 Division (defendants Jucksch, Corsi and Young). At some time
17 during the concurrent EO examination and LA CID criminal
18 investigation, defendant Connett agreed to assume personal
19 responsibility for transmitting the material from EO to LA CID.

20 26. Plaintiff and the other applicant Churches were
21 unaware that EO and LA CID were colluding with one another
22 behind the scenes, and continued to cooperate with EO personnel
23 in conducting the examinations which the IRS represented were
24 being conducted in good faith. Any potential suspicions by
25 plaintiff or the other Churches that the information gathering
26 may not have been completely for civil purposes, were allayed by
27 the receipt of a letter to CST dated July 26, 1985, written by
28 Friedlander and Darling, in which they stated: "We assure you

1 that our questions (in previous correspondence) have heretofore
2 been solely directed at developing the applications to the
3 point where your purpose and activities have been sufficiently
4 described in accordance with the standards for issuing rulings
5" These representations were fraudulent, as the SAR,
6 written 2 months earlier, unequivocally called for denial of
7 tax exemption.

8 27. Notwithstanding that representation, EO continued to
9 gather information for use by LA CID. A copy of the SAR
10 obtained in FOIA litigation makes it clear that the purpose of
11 the defendants who participated in the EO - LA CID collusion was
12 for defendants to combine their efforts to create "another round
13 of denial of exempt status," a circumstance which the SAR states
14 was intended to cause "a final halt to" and "the ultimate
15 disintegration of" the Scientology religion.

16 28. In September of 1985, plaintiff and the other
17 applicants learned that LA CID had forwarded a recommendation
18 for criminal prosecution to the IRS LA District Counsel's
19 office, and that at least RTC and CST were named as targets of
20 the investigation. On information and belief, plaintiff was
21 also a target of the criminal investigation. By December 1985,
22 the District Counsel's office had concluded that the SAR did
23 not warrant immediate prosecution and forwarded the matter to
24 the Justice Department with a request that an investigative
25 grand jury be convened.

26 29. The request for a grand jury coincided with the
27 January 7, 1986 issuance of letters by the IRS National Office
28 proposing the denial of exempt status to plaintiff, RTC and

1 CST. Defendant Friedlander made the decision to issue those
2 letters at that time. At the same time, January of 1986,
3 defendants Jucksch, Corsi and Young, on behalf of the IRS' LA
4 Exempt Organizations Division, prepared to launch a third prong
5 of attack (to coincide with the grand jury request and the
6 proposed exempt status denials) in the form of examinations
7 conducted by LA EO. Those examinations were an outgrowth of
8 the stalled LA CID investigation, and LA EO defendant Corsi had
9 held a series of meetings during the course of the criminal
10 investigation with LA CID defendant Xanthos.

11 30. The three prongs of attack which defendants had
12 coordinated to begin in January 1986 were all delayed, first,
13 because the Justice Department did not convene a grand jury
14 and, second, because plaintiff, RTC and CST submitted an
15 approximately 500-page protest of the proposed exemption
16 denials.

17 31. By October 1986, LA CID's criminal investigation of
18 the various Scientology Churches and individuals was
19 moribund, and since the Justice Department had refused to
20 pursue the matter before a grand jury, the case was about to be
21 officially closed. By that time, the protests to the proposed
22 denial of exempt status had bogged down the efforts of the EO
23 defendants. In October 1986, with the investigation about to
24 close, agents of LA CID attempted to utilize the news media to
25 revive the investigation. The October 1986 issue of "Forbes"
26 magazine contained an article by writer Richard Behar which
27 falsely stated that the CID investigation was "gathering
28 momentum." On information and belief, these and other

1 allegations which appeared in the Forbes article were "leaked"
2 to Behar by defendants Lipkin with the knowledge and consent of
3 defendant Xanthos to encourage the Department of Justice to
4 more seriously consider the allegations set forth in the
5 Special Agents Report. Indeed, Behar openly applauded the
6 SAR's stated goal - the "ultimate disintegration" of the
7 Church - in a recent Time magazine article. Defendant Owens,
8 in turn, was quoted by Behar in the recent article, stating
9 that there have been thousands of IRS agents involved in Church
10 related tax matters for years. The IRS also apparently
11 provided Behar with information concerning the Church's FOIA
12 cases, as Behar was able to report on the number of such
13 matters filed. Thus, the IRS' pattern of utilizing media to
14 flank its actions against the Church continues to the present.

15 32. In November 1986, the Department of Justice rejected
16 the request made by LA CID through LA District Counsel to
17 convene a grand jury to continue the criminal investigation.
18 The LA CID defendants, however, remained undaunted, and further
19 sought to exploit their collusive connection to the EO and the
20 LA EO defendants. In that regard:

21 a. On or before December 16, 1986, defendant
22 Lipkin of LA CID met with defendant Corsi of LA EO
23 to arrange for a meeting between Lipkin and
24 Corsi's Group Manager, defendant Jucksch. At that
25 December meeting, Lipkin discussed the LA CID
26 files on the Church with Corsi and explained that
27 defendant Friedlander of National Office EO had
28 reviewed those files;

1 b. Defendants Lipkin, Corsi, and Jucksch met
2 on January 5, 1987 to coordinate further actions
3 with respect to plaintiff and other Scientology
4 Churches;

5 c. In conjunction with National Office EO,
6 LA CID and LA EO planned, coordinated, and
7 implemented a plan to audit fourteen Churches of
8 Scientology and two related trusts, all already
9 exempt; and

10 d. LA District employees were invited to the
11 National Office to review the data submitted by
12 plaintiff, CST and RTC during the exemption
13 application process.

14 Plaintiff and the other applicants, unaware of the ongoing
15 collusion among the EO, LA EO, and LA CID defendants, continued
16 to negotiate with EO to attain rulings of exempt status under 26
17 U.S.C. § 501(c)(3). These negotiations continued throughout
18 1987.

19 33. As a result of the conduct of the defendants, and
20 each of them, plaintiff has been coerced into diverting
21 resources and attention away from the pursuit of its religious
22 beliefs in order to defend itself against defendants' actions.
23 Plaintiff also has been burdened in the free exercise of its
24 religious beliefs by the intrusion of defendants into its
25 records practices, beliefs and ecclesiastical structure and
26 policies by the defendants as is hereinabove averred. Such
27 coercion and burden each constitutes a violation of the Free
28 Exercise Clause of the First Amendment to the United States

1 Constitution.

2 34. The collusion between the EO defendants, the LA EO
3 defendants, and the LA CID defendants by which plaintiff was
4 misled to believe that documents sought by defendants were for
5 the purpose of a good faith exemption examination (rather than
6 a sham exemption examination) when in fact such documents were
7 being funnelled directly to criminal investigators, constitutes
8 a violation of the Fourth Amendment to the United States
9 Constitution.

10 35. The defendants, and each of them, by their conduct
11 alleged herein, have singled out plaintiff for invidious
12 discrimination in the application of the laws of the United
13 States on the basis of plaintiff's religious affiliation, in
14 violation of the Equal Protection component of the Due Process
15 Clause of the Fifth Amendment to the United States Constitution.

16 36. The conduct of the defendants, and each of them, has
17 been arbitrary and capricious, and has resulted in the
18 deprivation of plaintiff's property. Such conduct, motivated
19 by religiously rooted bias and prejudice, is a violation of the
20 Due Process Clause of the Fifth Amendment to the United States
21 Constitution.

22 37. Plaintiff has been damaged and continues to be
23 damaged thereby in an amount to be proven at trial. That
24 amount is not presently capable of precise calculation but
25 is believed to be in excess of \$20,792,850 which represents
26 direct expenditures by plaintiff. Plaintiff has also suffered
27 consequential and resulting damages in an amount to be proven
28 at trial, but which is in an amount in excess of \$100 million.

SECOND CLAIM FOR RELIEF

1
2 (For First and Fifth Amendment Violations by All Defendants)

3 38. The Church repeats and realleges each and every
4 averment set forth in paragraphs 1 through 35, inclusive.

5 39. On or about December 4, 1987, defendant Friedlander
6 informed Church representatives that the IRS insisted upon a
7 "limited" review of the financial records of plaintiff RTC,
8 and CST for 1986, to be conducted by the Los Angeles District
9 Office, for the purpose of verifying the integrity of their
10 records and to rule out the existence of any private inurement,
11 the only remaining potentially disqualifying factor. In early
12 1988, defendants Friedlander and Brauer assured plaintiff of
13 favorable exemption determinations as long as the limited
14 review did not uncover inurement or an inadequate accounting
15 system.

16 40. Those representations were false. Documents released
17 by the IRS in later FOIA litigation included drafts of final
18 denial letters for plaintiff, RTC and CST written by
19 Friedlander and Darling in January of 1988, at the very time
20 when defendants Brauer and Friedlander were representing to
21 Church counsel that exemption was imminent. In fact, the
22 representations were no more than a ploy to entice plaintiff and
23 the other Scientology Churches to continue turning over
24 detailed information to the IRS in violation of the Church's
25 civil and constitutional rights.

26 41. On March 17, 1988, the National Office provided
27 plaintiff, RTC and CST with new letters of assurance stating
28 that the IRS was prepared to conduct a review so that "we may

1 complete favorable consideration" of the exemption
2 applications. The letters further stated that the purpose of
3 the review was to "determine the integrity of your financial
4 and accounting systems" and "verify that no part of your net
5 earnings inures to the benefit of any private shareholder or
6 individual and that there is no other disqualifying activity."
7 Each Church executed its letter of assurance, permitting the
8 extremely unusual process of an on-site document review of
9 plaintiff's records to proceed.

10 42. Extensive, on-site reviews began, starting with CST,
11 in March of 1988. Despite the initial statement by Friedlander
12 that the review would be limited, the Los Angeles office
13 initially assigned four full-time agents to the review, and
14 after eight weeks, another four full-time agents were added.
15 This staffing represented 48 personnel weeks or roughly one
16 year of IRS time. Friedlander and his superior, defendant
17 Owens, testified that these examinations were the "most
18 sweeping" examinations these officials had witnessed, "far
19 exceeding" any they had previously experienced, and that the
20 volume of information provided was "truly record-breaking."

21 43. The examination of CST was completed on June 2, 1988.
22 At that time, the IRS Branch Chief responsible for the review
23 stated that the agents had found nothing to show inurement and
24 affirmed that, as to CST, "we have no concerns at this time."
25 These statements confirm the findings of a memorandum written by
26 defendant Friedlander in November 1987 which stated that private
27 benefit ceased to be an issue following the death of L. Ron
28 Hubbard in January 1986. Following the completion of the

1 examination to CST, the IRS Los Angeles office began its review
2 of RTC, which was completed in June 1988 -- again with no
3 concerns raised by the agents.

4 44. On June 22, 1988, the Church discovered that in May
5 1988, defendants Corsi, Young and Roth secretly interviewed two
6 disaffected Scientologists, Richard and Vicki Aznaran, who were
7 suing CSI and other Scientology churches. Prior to leaving the
8 Scientology faith in 1987, Vicki Aznaran had served as one of
9 RTC's officers. These defendants had engaged in deceitful
10 conduct designed to prevent the Churches from discovering that
11 the IRS investigation was actually proceeding on two tracks:
12 one known to the Churches, which was based ostensibly on good
13 faith cooperation between the churches and the IRS, and the
14 other which was covert and designed to undermine the progress
15 the Churches believed had been made towards the granting of
16 exempt status. The discovery of this conduct raised serious
17 concerns about whether the IRS was proceeding in good faith and
18 in accordance with the March 17, 1988 agreement. The Churches
19 immediately sought a meeting with the IRS to discuss their
20 concerns.

21 45. It was later revealed that defendant Lipkin of the
22 CID was instrumental in arranging the interview of the Aznarans
23 by the EO agents, thus demonstrating the continuing ties
24 between EO and CID. Plaintiff, RTC and CST were also not aware
25 at the time that the two senior LA EO agents in the
26 examination, defendants Young and Corsi, had met several times
27 with LA CID during the review, that defendant Lipkin had
28 briefed all of the agents involved in conducting the review,

1 and that defendants Corsi and Young had by this time received
2 and reviewed the Special Agent's Report. Thus, CID collusion
3 with LA EO did not end in 1985 when IRS District Counsel
4 rejected CID's request for prosecution, nor in 1986 when the
5 Justice Department refused to convene a grand jury.

6 46. During their interview of the Aznarans, defendants
7 Corsi, Young and Roth openly displayed their animus toward the
8 Church and the Scientology religion. The agents referred to
9 Church religious services as a "dog and pony show", and
10 referred to members of the Church as "crazy devotees".
11 Defendant Young actually encouraged the Aznarans to "take a
12 stand" against the Church. Defendant Roth compared the
13 Scientology religion to drug addiction. These actions violate
14 Internal Revenue Service policies which require an employee to
15 maintain "strict impartiality" between the taxpayer and the
16 government. These agents, who openly denigrated the
17 Scientology religion, should have been removed from any
18 examinations of Scientology churches under The Internal Revenue
19 Manual, Handbook of the Rules of Conduct which indicates that
20 an agent should be removed if his actions could lead others
21 reasonably to question the employee's impartiality. I.R.M.
22 0735.1, Handbook of Employee Responsibilities and Conduct
23 § 232.21, MT 0735.1-17 (November 26, 1986).

24 47. On June 22, 1988, plaintiff contacted IRS
25 representatives from the Los Angeles office and asked why the
26 the summonses had been issued to the Aznarans. The IRS refused
27 to discuss the interview or confirm that it had taken place.
28 Church counsel informed the IRS that the document review was

1 accordingly being suspended until the matter was resolved with
2 the National Office. On June 24, 1988, in response to a letter
3 from the Church regarding its concerns that the document review
4 was apparently being conducted in bad faith, defendant
5 Friedlander admitted that the IRS "owed [the churches] an
6 explanation."

7 48. In January of 1988, prior to the start of the on site
8 review, final adverse determinations were already drafted and
9 circulated by Friedlander and Darling. After June 27, 1988,
10 while the Churches were awaiting defendant Friedlander's
11 promised explanation, the IRS finalized the adverse
12 determination letters from the pre-existing drafts without
13 substantive amendment. On July 7, 1988, the IRS informed CST
14 that in its view the IRS had proceeded in accordance with the
15 March 17 agreement and that it viewed the suspension of the
16 audit as a termination of that agreement.

17 49. The following day, July 8, 1988, plaintiff and the
18 other Churches wrote the IRS reiterating that they had not
19 terminated the examination, but were waiting for the promised
20 explanation regarding the Aznaran interview. The letters stated
21 that the Churches did wish to fulfill the terms of the March 17,
22 1988 agreement, and that all they sought was a meeting with the
23 IRS to clarify matters before the examination procedure
24 resumed. That same day the IRS issued final adverse ruling
25 letters to all three churches denying tax-exempt status. These
26 letters were nearly identical to those drafted six months
27 earlier by Friedlander and Darling. Despite previous
28 assurances to the contrary, the denials of the applications of

1 plaintiff and RTC were based, in part, on alleged commercialism
2 in the sale of religious goods and services.

3 50. The IRS on-site review procedure was an utter sham,
4 designed not to make any good faith determination of the tax
5 exempt status of plaintiff, but merely to continue to
6 collect information which would not otherwise have been
7 provided to the IRS. The on-site reviews also included
8 examination of myriad ecclesiastical and confidential Church
9 scriptural materials and other materials concerning the
10 religious practices of the Churches which had no reasonable
11 relation to any tax exemption issue.

12 51. The defendants, and each of them, by their conduct
13 alleged herein, have singled out plaintiff because of its
14 position as Mother Church of the Scientology religion and,
15 through those acts, have invidiously discriminated against
16 plaintiff in their application of the laws of the United
17 States, in violation of the Establishment Clause of the First
18 Amendment to the United States Constitution.

19 52. The defendants, and each of them, by their conduct
20 alleged herein, have singled out plaintiff for invidious
21 discrimination in the application of the laws of the United
22 States on the basis of plaintiff's religious affiliation, in
23 violation of the Equal Protection component of the Due Process
24 Clause of the Fifth Amendment to the United States Constitution.

25 53. The conduct of the defendants, and each of them, has
26 been arbitrary and capricious, and has resulted in the
27 deprivation of plaintiff's property. Such conduct, motivated
28 by religiously rooted bias and prejudice, is a violation of the

1 Due Process Clause of the Fifth Amendment to the United States
2 Constitution. g

3 54. Plaintiff has been damaged and continues to be
4 damaged thereby in an amount to be proven at trial. That
5 amount is not presently capable of precise calculation but
6 is believed to be in excess of \$20,792,850 which represents
7 direct expenditures by plaintiff. Plaintiff has also suffered
8 consequential and resulting damages in an amount to be proven
9 at trial, but which is in an amount in excess of \$100 million.

10 THIRD CLAIM FOR RELIEF

11 (For First and Fifth Amendment Violations by All Defendants)

12 55. The Church repeats and realleges each and every
13 averment set forth in paragraphs 1 through 54, inclusive.

14 56. The IRS began additional harassive actions against
15 plaintiff and Scientology parishioners commencing in October,
16 1988, when the IRS issued letters to several Scientologist
17 taxpayers, who had claimed deductions on their tax returns for
18 money paid to their Scientology churches for religious
19 services, informing them that their cases were part of a
20 "designated tax shelter litigation project entitled
21 Scientology." Such a designation was blatantly improper and
22 demonstrated discriminatory bias and creation of a suspect
23 category of members of the Scientology religion.

24 57. Similarly, on February 14, 1989, the IRS office in
25 Laguna Niguel, California sent a letter to two Scientologists
26 concerning Church-related deductions, stating that no deduction
27 would be allowed as they had not shown that Scientology is
28 "other than a sham designed for the purpose of claiming

1 fictitious charitable contributions." This statement, too, was
2 blatantly false and the result of bias, since even the IRS has
3 repeatedly acknowledged that Scientology is a bona fide
4 religion and that Scientology churches are bona fide churches.
5 The IRS was forced to correct their files to delete these
6 references after the Scientologists who received this letter
7 prevailed in Smith v. Brady, No. CV 89-2584-RG(Bx) (C.D.
8 Cal. 1990). Indeed, the IRS acknowledged that such
9 designations were improper in a national office memorandum
10 issued in 1986, yet the IRS continued labelling Scientologists
11 as tax protestors as late as 1989.

12 58. Documents obtained in FOIA litigation reveal an
13 entire set of procedures set up for the purpose of targetting
14 the tax returns of individual Scientologists, monitoring and
15 coordinating the investigations of these individuals, and
16 falsely designating them as "tax protestors." These documents,
17 from the Los Angeles District, show that the returns of
18 Scientologists who claim deductions for their contributions to
19 the Church are designated with a special code for "Alleged
20 Contributions (incl. Scientology & Alleged Church)". This
21 code is part of the Tax Protestor Program described in the
22 Internal Revenue Manual, and allows the returns, which are
23 treated as "priority cases," to be "controlled" through the
24 IRS' nationwide computer system. A special questionnaire for
25 Scientology cases is included for use by IRS examiners. An
26 internal memo, designed to assist IRS examiners in handling
27 these cases, lists several organizations which have never even
28 existed, and claims that these are names used by the "Church of

1 Scientology."

2 59. Defendant Melvin Blough attempted to utilize the
3 Church audit procedures of 26 U.S.C. § 7611 to identify
4 thousands of parishioners of the Church of Scientology Flag
5 Service Organization ("CSFSO") for the purpose of selecting
6 their personal tax returns for audit. Blough testified that he
7 wished to obtain records from CSFSO which would: (a) identify all
8 of its parishioners for a three year period; (b) identify each
9 of the courses delivered by CSFSO and describe them; (c)
10 identify the courses taken by the parishioners; and (d) pull the
11 tax returns of a number of these individuals. Blough stated
12 that CSFSO provides courses to an estimated 8,000 parishioners a
13 year, and further claimed that the IRS would use as many agents
14 as needed to compile this information. In fact, nearly 100
15 parishioners of CSFSO have received audit notices regarding
16 their contributions to the Church since Blough announced his
17 plans. Blough also utilized the Cult Awareness Network ("CAN")
18 as a means to improperly gather information regarding the
19 Church. CAN is a modern day hate group, whose tactics include
20 kidnapping, brainwashing and beating of individuals found to be
21 guilty of holding "unacceptable" religious convictions.
22 Despite these activities, CAN was granted tax exempt status by
23 the IRS, and was used by Blough as an information gathering
24 arm, for the purpose of procuring information on individual
25 Scientologists and their businesses.

26 60. Assaults on churches of Scientology by or as a result
27 of actions by IRS personnel have not been limited to the
28 borders of the United States. William Connett is now stationed

1 as the IRS' foreign representative in France where he has a
2 wide range of influence in European countries. Since his
3 posting there have been raids on churches of Scientology by
4 police and taxing authorities and unwarranted arrests of
5 individual Scientologists in France, Italy and Spain. When two
6 staff members of the Church of Scientology in Brussels were
7 initially denied visas to travel to the United States, this was
8 traced directly back to false information provided to the
9 consulate officials by Connett.

10 61. In an effort to harass, discredit and smear
11 plaintiff, to intimidate IRS employees who might otherwise
12 treat plaintiff fairly or disclose IRS misconduct, and to
13 evade FOIA disclosure obligations, defendant Keith Alan Kuhn has
14 begun to proliferate unsubstantiated and patently false
15 allegations against Scientology and Scientologists, which have
16 been used as a pretext to manufacture security risks to IRS
17 employees. In or about May 1990, Kuhn sent out a memorandum to
18 each of the Regional Inspectors around the country, directing
19 them to contact specifically named EO employees who were
20 working on Scientology cases. Based on scurrilous and
21 unsubstantiated charges, Kuhn directed that these EO employees
22 be told that there was a potential for harassment against them
23 from the Church, thus creating a climate where plaintiff and
24 other Scientology churches could not possibly receive unbiased
25 treatment from any EO agent throughout the country. Kuhn's
26 allegations themselves are entirely without merit. The IRS
27 filed a declaration by Kuhn which contained these charges in a
28 FOIA case brought by a Scientology Church. The District Court

1 judge in that case ordered the declaration stricken from the
2 record, describing it as "scurrilous" and "unfounded".

3 62. After the collapse of the criminal investigation and
4 after denying section 501(c)(3) exemption to plaintiff, RTC
5 and CST, the nationwide examination of exempt and nonexempt
6 Scientology Churches and entities which had been planned early
7 in 1986 was resuscitated by defendants and the IRS. A
8 three-day meeting on Scientology was convened at the IRS
9 National Office on October 19, 20 and 21, 1988 to coordinate
10 nationwide actions against various Scientology Churches,
11 including plaintiff.

12 63. That three-day meeting was ordered by defendant
13 Brauer, organized and convened by defendant Owens, and chaired
14 by defendant Friedlander. Also in attendance were:

- 15 a. EO Operations employee Tom Miller, who had
16 drafted the 1986 proposal to re-examine the exempt
17 Scientology Churches;
18 b. Roderick Darling;
19 c. LA EO Branch Chief Mel Joseph, along with
20 defendants Young and Corsi;
21 d. Defendant Blough;
22 e. IRS agents from at least the Brooklyn,
23 Baltimore, and Los Angeles Regional
24 offices; and
25 f. IRS National Office representatives.

26 64. Various strategic plans for a continued IRS campaign
27 directed at Scientology were discussed at the three-day meeting
28 in October 1988. Defendant Young prepared and delivered a

1 briefing at that conference in which he proposed that and
2 explained how the IRS could use the assessment of tax
3 liabilities under the Federal Insurance Contribution Act
4 ("FICA") and the Federal Unemployment Tax Act ("FUTA") to
5 exploit the non-exempt status of various Scientology Churches,
6 completely disregarding the fact that the Churches in question,
7 including plaintiff, had filed waivers seeking exemption
8 from those employment taxes which had been accepted by the IRS.

9 65. At that same three-day meeting, format material for
10 a nationwide campaign of examinations of exempt and non-exempt
11 Scientology Churches was distributed and discussed, and the
12 decision was made during that meeting to commence tax inquiries
13 of plaintiff, Church of Scientology Western United States
14 ("CSWUS"), Church of Scientology Flag Service Organization
15 ("CSFSO"), Founding Church of Scientology of Washington, D.C.
16 ("FCDC") and Church of Scientology of Boston ("Boston Church").
17 Those inquiries in fact did commence, upon the issuance of
18 notices of tax inquiry to those Churches which were circulated
19 during that three-day meeting.

20 66. Upon receipt of the virtually identical notices of
21 tax inquiry, plaintiff, CSWUS, CSFSO, FCDC, and the Boston
22 Church responded by pointing out inaccuracies and deficiencies
23 in the standardized, coordinated notices and, despite those
24 infirmities, responded to the questions posed by those notices.
25 In each instance, however, the IRS issued a notice of church
26 examination under the Church Audit Procedures Act, 26 U.S.C.
27 § 7611. In four of those, summonses were issued and summons
28 enforcement proceedings commenced in the appropriate district

1 court. In the CSFSO case, the matter is still pending in the
2 United States District Court for Middle District of Florida;
3 this Court, the Honorable Harry L. Hupp, presiding, quashed
4 the majority of both the summonses issued to CSWUS and
5 plaintiff; the United States District Court for the District of
6 Massachusetts quashed the summons to the Boston Church
7 outright. The FCDC examination was conducted, and despite
8 nearly two years of intrusive inquiry, the IRS declined to
9 cancel FCDC's exemption.

10 67. The coordinated examinations of those five distinct
11 churches were coupled with concurrently timed IRS activities
12 directed against other Scientology Churches and individual
13 Scientologists. These various coordinated activities against
14 Scientology are the responsibility of what defendant Owens has
15 described as "thousands of [IRS] employees in key districts and
16 district offices around the country and the National Office."
17 Those coordinated actions have also been the subject of later
18 meetings on Scientology at the IRS National Office, involving
19 as many as 40 attendees from different IRS regions and
20 divisions, in pursuit of what the SAR termed the "final halt
21 to" and "ultimate disintegration of" Scientology.

22 68. Such coordination of IRS offenses against Scientology
23 Churches and Scientologists generally also reaches down to the
24 LA District level. Since approximately July 1989, monthly
25 meetings have been held at the Pasadena, California courthouse
26 that houses the United States Court of Appeals for the Ninth
27 Circuit, to coordinate the actions of the Los Angeles EO
28 (represented at such meetings by defendant Young), Examinations

1 Division, and upon information and belief, LA CID. These
2 monthly meetings are arranged and coordinated by the Los
3 Angeles District Counsel's office, and are attended by a number
4 of District Counsel staff and, in fact, are chaired by
5 defendant Jeglikowski, who supervises the meetings and the
6 matters coordinated therein, against plaintiff and other
7 Scientology Churches in disregard of the Constitution, the
8 Internal Revenue Code, and policies set forth in the Internal
9 Revenue Code. A regular topic of these meetings has been civil
10 lawsuits involving plaintiff and other Scientology churches.
11 The cases specifically include the civil suit filed by the
12 Aznarans, and a case involving a former attorney for the
13 Church. Defendant Jeglikowski has met with an attorney for one
14 of the civil litigants, for purposes of coordinating actions
15 between the IRS and the civil litigants against plaintiff.

16 69. The monthly meetings in Pasadena, like the meetings
17 held from time to time at the National Office, are the vehicles
18 by which defendants have singled out a religion and its
19 churches and parishioners for singular and unfair treatment
20 based upon their religious affiliation and set about to
21 administer the Internal Revenue Code in a manner designed
22 specifically to affect such co-religionists in an arbitrary and
23 capricious manner, and to cause the harm hereinafter averred.

24 70. Plaintiff has made repeated efforts to resolve any
25 legitimate concerns on the part of the IRS. As shown above,
26 the Church has provided voluminous information to the IRS over
27 the years to allay any concerns and to respond to any
28 legitimate questions. These efforts on the part of the Church

1 have been either been perverted (as in the use of this
2 information for purposes of a CID investigation), or rebuffed.
3 Within the past few months, plaintiff once again attempted to
4 resolve various issues with EP/EO representatives, including
5 defendant Owens. However, the IRS continuously demanded the
6 production of voluminous quantities of documents as a
7 precondition for further talks. Most of the information
8 requested had previously been provided to the IRS over the past
9 years, yet the EP/EO representatives demanded it once again.
10 When informed that the production of documents being requested
11 on a voluntary basis was so extensive as to require months if
12 not years to review, one representative of EP/EO remarked that
13 this did not concern him, as he had twelve years left in the
14 IRS before retirement.

15 71. The defendants, and each of them, by their conduct
16 alleged herein, have singled out plaintiff for invidious
17 discrimination in the application of the laws of the United
18 States on the basis of plaintiff's religious affiliation, in
19 violation of the Equal Protection component of the Due Process
20 Clause of the Fifth Amendment to the United States Constitution.

21 72. Plaintiff has been damaged and continues to be
22 damaged thereby in an amount to be proven at trial. That
23 amount is not presently capable of precise calculation but
24 is believed to be in excess of \$20,792,850 which represents
25 direct expenditures by plaintiff. Plaintiff has also suffered
26 consequential and resulting damages in an amount to be proven
27 at trial, but which is in an amount in excess of \$100 million.

28 73. The conduct alleged herein is ongoing and, unless

1 enjoined by this Court through an order forbidding defendants
2 from any and all further participation in any matter involving
3 the IRS and plaintiff or any other Scientology Churches or any
4 other Scientology entities or parishioners, the harm alleged
5 herein will continue and the Constitutional violations will
6 persist to plaintiff's detriment.

7 FOURTH CLAIM FOR RELIEF

8 (For Fifth Amendment Violations by All Defendants)

9 74. The Church repeats and realleges each and every
10 averment set forth in paragraphs 1 through 73, inclusive.

11 75. Defendants have, in the course of conduct hereinabove
12 averred, acted in violation of the Constitution, the laws of
13 the United States, and the policies, and procedures, and
14 practices of the IRS created by the IRS for the benefit of
15 taxpayers. Such conduct is a denial of plaintiff's due process
16 rights as set forth in the Fifth Amendment to the United States
17 Constitution.

18 76. Plaintiff has been damaged and continues to be
19 damaged thereby in an amount to be proven at trial. That
20 amount is not presently capable of precise calculation but
21 is believed to be in excess of \$20,792,850 which represents
22 direct expenditures by plaintiff. Plaintiff has also suffered
23 consequential and resulting damages in an amount to be proven
24 at trial, but which is in an amount in excess of \$100 million.

25 77. The conduct alleged herein is ongoing and, unless
26 enjoined by this Court through an order forbidding defendants
27 from any and all further participation in any matter involving
28 the IRS and plaintiff or any other Scientology churches or any

1 other Scientology entities or parishioners, the harm alleged
2 herein will continue and the Constitutional violations will
3 persist to plaintiff's detriment.

4 WHEREFORE, plaintiff Church of Scientology International
5 prays that:

6 78. Defendants, and each of them, be preliminarily and
7 permanently enjoined from any and all further participation in
8 and responsibility for any matter involving the IRS and
9 plaintiff or any other Scientology Church or entity, or any
10 Scientology parishioner;

11 79. Plaintiff be awarded damages according to proof,
12 which are believed to be in excess of \$20,792,850 in
13 direct expenditures by plaintiff, and consequential and
14 resulting damages in an amount to be proven at trial, but which
15 is in an amount in excess of \$100 million, and

16 80. The Court award and order such other and further
17 relief that it deems appropriate under these circumstances.

18 Dated: August 12, 1991

Respectfully submitted,

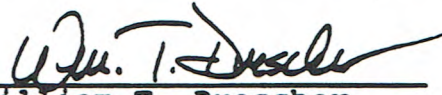
19 QUINN, KULLY AND MORROW

20 COOLEY, MANION, MOORE &
21 JONES, P.C.

22 BERRY & CAHALAN

23 BOWLES & MOXON

24 WILLIAM T. DRESCHER

25 By: 
26 William T. Drescher

27 Attorneys for Plaintiff
28 CHURCH OF SCIENTOLOGY
INTERNATIONAL

PROOF OF SERVICE

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I am employed in the County of Los Angeles, State of California. I am over the age of eighteen (18) years and not a party to the within action. My business address is 6255 Sunset Blvd., Suite 2000, Hollywood, California 90028.

On March 3, 1993, I served the foregoing document described as CROSS-DEFENDANT'S SEPARATE STATEMENT OF UNDISPUTED FACTS WITH REFERENCE TO SUPPORTING EVIDENCE on interested parties in this action by

[] placing the true copies thereof in sealed envelopes as stated on the attached mailing list;

[X] placing [] the original [X] a true copy thereof in sealed envelopes addressed as follows:

Paul Morantz
P.O. Box 511
Pacific Palisades, CA 90272

[] BY MAIL

[] *I deposited such envelope in the mail at Los Angeles, California. The envelope was mailed with postage thereon fully prepaid.

[X] As follows: I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with U.S. postal service on that same day with postage thereon fully prepaid at Los Angeles, California in the ordinary course of business. I am aware that on motion of party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.

Executed on _____, 1993, at Los Angeles, California.

[X] ****(BY PERSONAL SERVICE)** I delivered such envelope by hand to the offices of the addressee.

Executed on March 3, 1993, at Los Angeles, California.

[X] (State) I declare under penalty of the laws of the State of California that the above is true and correct.

[] (Federal) I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

Type or Print Name

Signature

* (By Mail, signature must be of person depositing envelope in mail slot, box or bag)

** (For personal service signature must be that of messenger)

PROOF OF SERVICE

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I am employed in the County of Los Angeles, State of California. I am over the age of eighteen (18) years and not a party to the within action. My business address is 6255 Sunset Blvd., Suite 2000, Hollywood, California 90028.

On MARCH 3, 1993, I served the foregoing document described as CROSS-DEFENDANT'S SEPARATE STATEMENT OF UNDISPUTED FACTS WITH REFERENCE TO SUPPORTING EVIDENCE on interested parties in this action by

[] placing the true copies thereof in sealed envelopes as stated on the attached mailing list;

[X] placing [] the original [X] a true copy thereof in sealed envelopes addressed as follows:

Ford Greene
HUB Law Offices
711 Sir Francis Drake Boulevard
San Anselmo, CA 94960-1949

By U.S. Mail & Fax

[X] BY MAIL

[] *I deposited such envelope in the mail at Los Angeles, California. The envelope was mailed with postage thereon fully prepaid.

[X] As follows: I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with U.S. postal service on that same day with postage thereon fully prepaid at Los Angeles, California in the ordinary course of business. I am aware that on motion of party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.

Executed on March 3, 1993, at Los Angeles, California.

[] **** (BY PERSONAL SERVICE)** I delivered such envelope by hand to the addressee.

Executed on _____, 1993, at Los Angeles, California.

[X] (State) I declare under penalty of the laws of the State of California that the above is true and correct.

[] (Federal) I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

Type or Print Name

Signature

* (By Mail, signature must be of person depositing envelope in mail slot, box or bag)

** (For personal service signature must be that of messenger)